

The World's Daily Newspaper

U.S. Weighs Abandoning Inspections Inside Iraq

Policy of Containment: Continued Sanctions With Threat of Force

By Steven Erlanger
New York Times Service

WASHINGTON — Seven years after the Gulf War, the Clinton administration is preparing to abandon the UN inspections regime as an effective instrument for restraining President Saddam Hussein of Iraq, according to senior American officials.

Instead, the administration is choosing other forms of traditional containment, including sanctions and the use of force, which now seems more likely than at any other time since the Gulf War ended in 1991, the officials said. "If we use force, we move into a new phase," a senior U.S. official said. That would mean overt containment of Iraq through continued sanctions, with clear "red lines" to make it obvious to Mr. Saddam that attacking his neighbors or the Kurds in northern Iraq will bring retaliation. "If he tries to use weapons of mass destruction," the official said, "he should know that we will obliterate Iraq."

During the Gulf War, the official noted, Mr. Saddam heeded such warnings and did not use chemical or biological weapons.

Washington no longer believes the Iraqi leader will cooperate with UN weapons inspectors, who have spent seven years trying to eliminate Iraq's nuclear, missile, biological and chemical weapons programs.

A week ago, Mr. Saddam cut off all cooperation with the inspectors, who, senior American and European officials concede, have been unable to do their work for eight of the last 12 months. There is little prospect that he will ever again provide the cooperation needed for the inspectors to finish their task, the officials say.

In fact, Western officials have concluded that Mr. Saddam cares more about keeping his ability to produce weapons of terror than he does about lifting the sanctions, which the UN Security Council has said will end only when he complies with disarmament resolutions and which Washington has implied will end only when Mr. Saddam falls.

American and British officials are not ruling out a diplomatic solution to this latest crisis, and they are pressing the Security Council to make Iraq live up to its commitments. But they also insist that Mr. Saddam's cooperation must be full, his retreat total.

While calculations could change, senior officials emphasize any use of force

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REPUBLICANS IN TURMOIL AFTER GINGRICH QUILTS AS LEADER

Rivals for Party Posts Stress Desire to Work With Clinton

By Brian Knowlton
International Herald Tribune

WASHINGTON — With the Republican leadership plunged into turmoil by the surprise resignation of Representative Newt Gingrich as speaker of the House, rivals for his and other top posts joined battle Sunday over the party's ideology and agenda.

The leading candidates to succeed him said that the era of Gingrich-style confrontation with the White House was over and that they favored compromise and cooperation with Democrats in Congress.

Mr. Gingrich, under sharp attack for his party's poor showing in elections Tuesday, announced his resignation as speaker late Friday, saying he could not abide efforts "to cannibalize the majority." He later said he would resign from his Georgia seat in Congress as well at a date not yet announced.

Bob Livingston of Louisiana, chairman of the House Appropriations Committee, quickly emerged as the front-runner to replace Mr. Gingrich. Mr. Livingston, who has a reputation as a manager who places high value on fiscal responsibility, reportedly has the backing of more than 100 Republican members, just short of the 112 votes needed when Republicans meet Nov. 18 and 19 to select new leaders.

Mr. Livingston faced a challenge from Christopher Cox of California, the chairman of the Republican Policy Committee. Mr. Cox, a soft-spoken lawyer who is considered part of the party's intellectual leadership, said Sunday that he had at least 90 votes.

James Talent of Missouri, a young conservative with a generally low profile, was viewed as a dark-horse candidate.

While Mr. Livingston appeared likely to prevail, and confidently predicted that he would do so, he faced stout opposition from some of the conservative activists who helped bring about Mr. Gingrich's downfall. As



Bob Livingston of Louisiana is the emerging front-runner for speaker.

chairman of the Appropriations Committee, they say, he has presided over the sort of pork-barrel politics they oppose. Several of them favor Mr. Cox.

Whatever the outcome of the succession struggle, it appeared certain that the next speaker would adopt a lower profile and pursue a less confrontational and more managerial course than had Mr. Gingrich, a self-styled revolutionary.

It was not clear what effect the leadership fight might have on the impeachment of President Bill Clinton. Both Mr. Livingston and Mr. Cox said they would be inclined to follow the recommendation of the House Judiciary Committee, which opens hearings next week.

Amid broad Republican disquiet over the elections, other party leaders, including Dick Armey of Texas, the House majority leader, also faced challenges. A leading contender for Mr. Armey's post, Steve Largent of Oklahoma, said he had at least 50 votes.

See GINGRICH, Page 7

The Speaker Leaves Stamp On Congress And History

By David S. Broder
Washington Post Service

WASHINGTON — The House of Representatives that Newt Gingrich is leaving behind is not the same House in which he became speaker four years ago, let alone the one in which he was elected in 1978. His legacy will be felt not only by future members of Congress but by President Bill Clinton, who surprisingly may miss Mr. Gingrich both as a partner and an antagonist.

Those are the observations of several of the Georgian's colleagues of both parties and students of Congress, interviewed in the aftermath of Mr. Gingrich's surprise announcement that he would yield the speaker's gavel and, as he said, "move forward" to some other unspecified role in public life.

Although his tenure was shorter than many of his predecessors', his impact on the House and American politics may prove to be much larger. His ascendancy marked not just a Republican resurgence but the certification of the South as the new base of the party. He strengthened the speaker's authority, reduced the legislative discretion of committee chairmen, empowered backbenchers — and helped make the House even more of a partisan cockpit than it had been before.

Some of those changes — and perhaps all of them — will last long after he has moved off Capitol Hill. Ironically, many of those interviewed said, his departure may complicate life for Mr. Clinton. It robs the White House of its favorite target and at the same time deprives the president of a partner in his opposition party who was almost always willing to help on tough international issues and — at least occasionally — in cutting domestic policy deals.

See LEGACY, Page 7

In Halting Steps, Vietnam Finds a Capitalist Soul

By Thomas Crampton
International Herald Tribune

HANOI — Deep in the labyrinth of this city's oldest quarter, in an open-front shop around the corner from Shoe Street, a cobbler, Soong Vo Hoang, says he has happily abandoned the craft he apprenticed to learn.

The wooden bench where he once measured the feet of his customers before cutting leather for their shoes sits empty, and Mr. Soong casually watches passers-by peruse the rows of mass-produced Adidas, Nike and Aigle shoes stacked from sidewalk to ceiling.

These cut-price castaways from footwear factories set up for export are one of the more visible dividends from nascent capitalist reforms in a country that re-

mains officially Communist and reluctant to fully embrace a market economy.

Despite a recent slowdown of economic growth, exports and new investment, most Vietnamese still feel the effects of the last decade of market reforms much more strongly than they do Asia's ongoing economic crisis.

Mr. Soong said his fellow countrymen's feet had never before worn such good shoes.

"Nike shoes are made from fake leather, but they last for more than a year," Mr. Soong said. "My hand-sewn shoes cost more and they only last for one season."

"The only shoes I make now are for handicapped people with special needs," he added.

Most Vietnamese still earn less each year than the retail price of basketball shoes in New York, but a flood of foreign investment commitments — from zero to more than \$33 billion in just a few years — has sent luxury hotels and high-rise condominiums shooting above Hanoi's three-story skyline.

One condominium, the 25-story Regency Hanoi Towers, is on the site where American war prisoners once languished in captivity. Half the old prison remains, however, and the country's capitalist revolution is far from complete.

Top government officials insist that market reforms will continue.

See VIETNAM, Page 19

2 Asian Tigers Gird for Battle to Get Lion's Share of Financial Trading

By Philip Segal
International Herald Tribune

HONG KONG — A battle is intensifying between two of Asia's largest financial centers as a rapidly liberalizing Singapore and an increasingly interventionist Hong Kong seek to gain the upper hand in lucrative financial sector trading.

On the surface, what is at stake are plans by Singapore's International Monetary Exchange to start trading Nov. 23 in futures based on a list of Hong Kong stocks that is almost identical to Hong Kong's benchmark Hang Seng index.

Like all derivatives, futures are agreements to buy or sell an underlying commodity at a fixed time and price. The Hong Kong future is an agreement to buy or sell a commodity based on the value of an index of stocks traded in Hong Kong.

Given how lucrative the Hong Kong stock index futures are in Hong Kong, Singapore is seeking to undercut that trade by introducing lower-cost futures that are almost identical.

But there is more on the line than one new financial product, traders and investment bankers said. The fight underscores the changing images of Asia's two largest financial centers outside of Japan.

Singapore, which for years has had the reputation of a largely closed, overregulated market, is shedding that image in favor of a more open, lean and competitive trading center.

By contrast, Hong Kong, which has traditionally been Asia's most open market, is now fighting with almost unprecedented ferocity the kind of competitive forces accepted by other developed markets in Asia, Europe and North America.

The financial industry has taken notice, especially after the Hong Kong government's purchase of \$15 billion worth of stocks in August in prop up share prices.

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Hong Kong, traditionally Asia's most open market, is now fighting ferociously to remain chief player in the region.



Singapore is trying to alter its image as a heavily regulated market to one of a lean and competitive trading center.

Ruined Homes in Kosovo Refugees Return, Warily, Finding Little Intact

By Jane Perlez
New York Times Service

DOBRE VODE, Yugoslavia — Sanje Milaku, a mother of six children and a proud homeowner, fondly remembers the new bedroom set and the pots of yellow roses arranged on the windowsill before the start of the terrible summer.

A few days ago, she came down from her makeshift camp in the hills to find her house burned, the fancy furniture a heap of ashes and her clay pots baked with melted glass that was once her bedroom windows.

Many of the ethnic Albanian refugees of Kosovo, pushed out of their villages by the tanks and artillery of Serbian forces, have returned to their homes. But what they find is hardly home.

Here in the Drenica Valley, the heart of operations of the ethnic Albanian fighters who were seeking the inde-

pendence of Kosovo from Serbia, there is plenty of evidence of destruction for destruction's sake as the Serbs moved in to punish the civilian population that supported the guerrillas.

Backyard wells have been filled with the carcasses of animals slaughtered by Serbian soldiers for food; the blackboards and desks in the schoolhouse in Dobre Vode have been burned and the windows smashed.

Simple things, like the theft of a sewing machine motor and dainty coffee cups flung from a window, seem especially intended to inflict pain.

Since President Slobodan Milosevic of Yugoslavia bowed to NATO demands and withdrew about 4,500 Serbian special police officers from Kosovo nearly two weeks ago, almost all the ethnic Albanian refugees who had been camp-

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AGENDA

Landslides Bury 2 More Villages

TEGUCIGALPA, Honduras (AFP) — More than a week after the hurricane designated Mitch wrought devastation across Central America, additional deaths were reported in Honduras on Sunday as landslides again buried at least two entire villages.

"It is said there have been many dead," said Captain Juan Flores of the Honduran emergency services in Olanchito Department.

Mud's devastation. Page 9

Buckeyes Buckle

Unranked Michigan State University defeated No. 1-ranked Ohio State in one of the highest upsets in U.S. college football. Page 23.

Glenn's Shuttle Diplomacy Flight Gives Space Program Favorable Publicity

Compiled by Our Staff From Dispatches

HOUSTON — It routinely sends men and women into orbit on a reusable spaceship and brings them back safely. It performs cutting-edge science with sophisticated gadgetry 300 miles above Earth. Its astronauts walk in space.

But for the National Aeronautics and Space Administration, it took the launching of a senior citizen to rekindle America's interest in the final frontier.

Senator John Glenn, 77, returned in NASA workers and managers say.

Senator John Glenn, 77, returned in NASA workers and managers say. Senator John Glenn, 77, returned in NASA workers and managers say.

Earth on Saturday aboard the space shuttle Discovery, after a nine-day mission criticized in some corners as the ultimate congressional junket.

In his first public comments since the flight, the Ohio senator said Sunday that he and his fellow crew members would like to "go right back up again."

"But that's not to be," he said at a news conference at the Kennedy Space

Center in Cape Canaveral, Florida. "And so a sense of accomplishment, I guess I feel, and a little bit of letdown that the whole thing is over, maybe, but nothing serious."

"I feel very elated that things went well," he said. "We got a lot of the data we were looking to get and worked very hard up there."

Mr. Glenn acknowledged that he "didn't feel too hot" when he stood and walked out of the shuttle after the landing. He was determined, he said, to join his six crewmates for the traditional walk around the spacecraft.

"If I would have been on my hands and knees I was going to do it," he said. "I wasn't quite to that point, but obviously I was not doing my best gait out there. I was not disoriented, that would be too strong a word for it. But you're

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THE AMERICAS

Safety of Aircraft Insulation Rises to the Fore

By Don Phillips
Washington Post Service

WASHINGTON — Duvon McGuire was a young home-insulation specialist reading through technical documents 10 years ago when something jumped out at him: a description of the test used to determine the inflammability of aircraft thermal insulation.

Mr. McGuire realized he was no expert in airplanes, but he was convinced that the test was "meaningless" and he fired off a memo saying as much to the group responsible for it.

The test involved holding a piece of insulation vertically over a Bunsen burner for 12 seconds and then watching how far the resulting flame traveled and how long it took to extinguish itself. If the fire went out within 15 seconds and the flame spread by less than eight inches, the material was approved for use as aircraft insulation.

In a memo dated March 9, 1988, to a subcommittee of the American Society of Testing and Materials, whose standards are accepted by the Federal Aviation Administration and other government agencies, Mr. McGuire wrote that he was "shocked that the test was not more severe."

bring things forward," the FAA's administrator, Jane Garvey, said. "We're revisiting the issue of what our real job is," said Thomas McSweeney, the FAA's new associate administrator for regulation and certification. "Our real job is preventing accidents."

There are no nefarious reasons why the aviation agency failed to take decisive action earlier. Instead, some decisions were driven by reasons that seemed logical at the time: Money was needed for other areas or more information was needed. In other

sharing programs, including one in which data from aircraft flight data recorders would be crunched through computers to look for patterns that could spot potential problems.

Mr. McSweeney said one lesson of the insulation decision is that engineers must avoid becoming embroiled in technicalities and keep an eye on the big picture.

"You get wrapped up as an engineer into fixing technical problems," he said. "What you really need to focus on is that everything you do is geared to saving lives. Everything you do is geared to preventing accidents."

Still, some industry officials fear the aviation agency may be overreacting. After the body issued the insulation-replacement order, it emerged that the insulation that will best meet the new inflammability standards is not even in commercial production.

The inflammability standard for aircraft insulation set by the American Society of Testing and Materials dates to 1975. Mr. McGuire's 1988 protest appears to be the first attack on the standard, but that cannot be confirmed because records from the 1970s and most of the 1980s were destroyed in the course of normal business.

The insulation issue is a case study of how critical safety issues can remain buried within government agencies, how tight budgets can affect research and how crashes can reorder the aviation safety agenda.

cold of flying at 37,000 feet—played a role in the Swissair crash. But on Oct. 14, the FAA announced that almost all thermal and sound insulation on 12,000 commercial aircraft worldwide would have to be ripped out and replaced over a period of years at a cost that industry sources say could top \$1 billion.

The agency said it would order the massive overhaul because new tests confirmed that the burn test in effect for 23 years was woefully inadequate. In fact, many flammable products apparently would pass the test.

The insulation episode has concerned agency officials so much so that they have decided to go back and examine how the 40-year-old agency evaluates potential safety hazards. They will focus especially on being certain that sensitive safety issues are brought to the top of the agency.

"I want to be more sure than I am today that we have a process where people are comfortable enough to

communicate with one another or did not bring problems to the attention of senior officials.

The agency, in fact, had not even been represented when insulation industry officials gathered to periodically reconsider the faulty inflammability standard in the 1980s and early 1990s. Then, as hundreds of people in government and industry began to focus on the issue in the mid-1990s, senior agency officials remained in the dark about insulation inflammability, even as one airline manufacturer began to take steps to warn airlines about a problem with a type of insulation. Top agency officials said they were concerned with more pressing fire safety issues; after all, no one had died from an aircraft insulation fire but hundreds had died in aircraft fires from other causes.

The agency is struggling with how to identify emerging safety issues. Plans are underway for information-



VENEZUELA VOTES — Hugo Chavez, a leading candidate in the presidential election to be held next month, waving to supporters Sunday as Venezuelans went to the polls to elect legislators and state governors.

POLITICAL

Shake-Up in New York

NEW YORK — Senator Daniel Patrick Moynihan, the New York Democrat who for almost five decades has been a fixture of American politics as a presidential adviser, scholar and member of Congress, has confirmed he will not seek re-election in 2000, setting off speculation about a successor.

The departure of Mr. Moynihan, 71, is certain to trigger fierce competition in both major parties for the seat he holds. A dozen of the state's best-known politicians are being mentioned as possible candidates, including the mayor of New York, Rudolph Giuliani, a Republican, and three Democrats: R. Carl McCall, state comptroller; Andrew Cuomo, U.S. secretary of housing and urban development; and Donna Shalala, U.S. secretary of health and human services.

"It will have been 24 years," Mr. Moynihan said, adding, "There was a very positive note to this last election. It's time to make room for others." A flood of praise followed from Democrats and Republicans. Quoting an assessment of the senator in the Almanac of American Politics, Mr. Giuliani called him "the best thinker among politicians since Lincoln and the best politician among thinkers since Jefferson." (NYT)

Cuba Review Is Sought

WASHINGTON — A bipartisan group of senators, supported by three former se-

retaries of state and other prominent former officials, is urging President Bill Clinton to undertake a comprehensive review of U.S. policy toward Cuba, which has stood basically unchanged for nearly four decades.

"More and more Americans from all sectors of our nation are becoming concerned about the far-reaching effects of our present U.S.-Cuba policy on United States interests and the Cuban people," the senators said in a letter to Mr. Clinton.

They asked the president to convene a bipartisan national commission to review all aspects of U.S. policy, including the long-standing embargo on trade with Cuba.

The group did not recommend any particular outcome. But its composition, including conservative Republicans such as Senator Rick Santorum of Pennsylvania and Rod Grams of Minnesota, could give Mr. Clinton political cover for a review and perhaps a revision of Cuba policy. (WP)

Quote/Unquote

George Stephanopoulos, the ABC commentator and former senior adviser to President Clinton, on the political analysts, commentators and reporter-prognosticators who, almost without exception, predicted that the Republicans would come through the midterm election with a tighter grip on Congress: "We were all wrong, all the time. It's true, and we probably ought to admit it." (NYT)

AMERICAN TOPICS

If Raggedy Ann Could Talk...

We have come a long way from Raggedy Ann. A new generation of dolls, expected to be wildly popular this Christmas season, use built-in computers to allow them to interact with children. So convincing are they that some psychiatrists fear, they could blur the line between the real and the imagined for many children.

Perhaps the biggest sensation this year, industry analysts say, will be Furby, an interactive, plush doll that not only can wiggle its ears and move its mouth, but speak, sing, sneeze, even burp. It speaks a language of its own, and can gradually "learn" to speak from its owner—a far cry from the Tickle-Me Elmo doll, the 1996 sensation that laughed when tickled.

Then there is the Interactive Arthur doll. Squeeze its arm, foot or big pink ear and the cuddly \$99 creature speaks. Add a \$60 option and Arthur can communicate with an Internet Web site, so that children can both play with and learn from it. Everyone agrees that computers have vast and varied potential as teaching tools. But the new toys have proliferated at such stunning speed, reports The Boston Globe, that no one knows what effect they ultimately could have on young users. There are questions about whether they interfere with forming friendships, and what effects games, particularly violent ones, have on behavior.

"The technical innovations are moving more quickly than the market can keep up with, and certainly more quickly than the family can keep up," said Sheri Parks, who

is researching the so-called new media at the University of Maryland.

Short Takes

Sedona, Arizona — sounds like the middle of nowhere. But the quick and easy wedding ceremonies performed in spectacular open-air settings there have made the artists' colony and New Age retreat a top wedding destination in the United States.

One popular minister, Robert Sizemore, leads couples up sloping terra cotta-colored rocks, past backpackers and even meditations to a clearing that offers a panoramic view of sky-high rock formations. Once the vows are complete (20 minutes, tops), he releases a pair of white doves—actually homing pigeons—and the couple kisses.

The wedding industry in Arizona is bolstered by the fact that the state does not require residency or a blood test.

While turnout in elections Tuesday was low, there was no apathy in Newport, Maine. One issue that got them to the polls was a proposed ordinance to punish women for displaying their breasts in public.

It started a few months ago when Desiree Davis, 34, who was visiting her mother, cut the grass without a shirt. A shocked neighbor, Mary Thompson, called the authorities. But a careful reading of the law by the town manager, Kenneth Knight, found no specific ban against going topless.

Ms. Thompson launched a petition drive and got the matter on the ballot.

The good folk of Newport voted, 775 to 283, to drop plans for a new ordinance. And next summer, Desiree Davis will be out there again. "She likes a nice tan," her mother said, "and I have a large lawn."

Brian Knowlton

Away From Politics

- Rheumatic fever, nearly eradicated at one point in the United States, is resurging, doctors report. A team of physicians in Salt Lake City reported 56 cases in the first seven months of this year, compared with 60 for all of 1997, and one of the doctors speculated that the outbreak was due to people not taking their full course of antibiotics for strep throat. (Reuters)
- Cherry, tofi cream and pumpkin pies smacked Mayor Willie Brown of San Francisco in the face over the weekend in the fifth attack in four weeks by the Biotic Baking Brigade, whose members toss baked goods to draw attention to environmental and social causes. Three assailants were arrested. (AP)
- Nate Thayer, an American reporter who became the first Western journalist in nearly two decades to interview the elusive Khmer Rouge leader, Pol Pot, was awarded \$20,000 by the International Consortium of Investigative Journalists. The
- Far Eastern Economic Review correspondent "illuminated a page of history that would have been lost to the world had he not spent years in the Cambodian jungle." (AP)
- Florida has accused American Family Publishers of targeting deceptive tommers through magazine solicitations and offering to sell nearly 470,000 names of senior citizens and retirees to other contests. Dozens of elderly people flew
- to American Family's Tampa operations to claim prize money they mistakenly thought they won, the state attorney general's office said in amending a lawsuit against the company. (AP)
- The bodies of two federal wildlife agents were recovered from a plane that had crashed into an electricity tower support wire and plunged into the Columbia River in Washington state. The pilot of the four-seat Cessna was seriously injured. (AP)

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BRIEFLY

Left in place are bans on military equipment sales to both countries, restrictions on the export of U.S.-made "dual-use" items that could have military applications, and U.S. objections, which amount to a veto, to development-project lending to India by the World Bank and other international institutions. There has never been a total ban on trade with or investment in either country.

strengthen President Habibie's position and allow him to consolidate his power." Mr. Rais said. "But if we confront the session, the alternatives could be far worse."

Kazumasa Yotsumoto, a real estate broker, was arrested on suspicion of placing fraudulent construction orders. The police said they also were planning to arrest another cult member. (Reuters)

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EUROPE

Tearfully, Kohl Resigns Party Leadership Post

He Urges Loyalty to Conservative Principles

By William Drozdiak
Washington Post Service

BERLIN — In an emotional departure for the father of German unity, former chancellor Helmut Kohl stepped down over the weekend as chairman of the Christian Democratic Union, which he dominated for 25 years, and urged his defeated followers to rally around the leadership of his handpicked successor, Wolfgang Schäuble.

At a special party congress Saturday night that closed the last chapter of the Kohl era, nearly 1,000 delegates gave the four-term chancellor a standing ovation as he tearfully bade farewell after leading the Christian Democrats to their worst defeat in 50 years in the September election.

Mr. Kohl, who at 68 will become a member of Parliament, exhorted party members to remain faithful to their conservative principles in charting a path back to power.

He predicted that the Social Democratic-Green ruling coalition under Chancellor Gerhard Schröder would quickly founder and provide an opportunity for Mr. Schäuble to bring the Christian Democrats and their Bavarian allies, the Christian Social Union, back into government within four years.

Mr. Schäuble, 56, ran unopposed and was endorsed as the new party chairman with 93 percent of the vote. He has used a wheelchair since being nearly assassinated by a gunman in 1990, and his recovery has helped earn him a consistent ranking in opinion polls as Germany's most admired politician.

But his abiding loyalty to Mr. Kohl has hurt his standing among the party's young upstarts, who believe he should have forced Mr. Kohl to retire before voters weary of his 16 years in office.

Laying out his strategy as opposition leader, Mr. Schäuble attacked Mr. Schröder as a closet socialist trying to masquerade as a prudent centrist while following a secret agenda to increase taxes and expand state control of the world's third-largest economy.

"Wherever the Christian Democrats stand, that's the political center of Germany," Mr. Schäuble said.

He criticized the new finance minister, Oskar Lafontaine, for exerting public pressure by demanding the Bundesbank lower interest rates to help the government spur growth and curtail unemployment. He warned Mr. Lafon-

taine's approach would jeopardize the stability of the single European currency to be introduced in January, saying, "We should not gamble with people's trust" at this sensitive phase when the euro starts to replace the Deutsche mark and 10 other currencies.

Recognizing the severity of his party's predicament, Mr. Schäuble said that the Christian Democrats must embark on a ruthless and candid assessment of the reasons behind their electoral defeat.

Besides voter fatigue with Mr. Kohl, the party was penalized at the polls by record high unemployment and a poor record of carrying out overdue reforms they had promised for many years.

The collapse of the Christian Democrats was particularly evident in Eastern Germany, where voters once revered Mr. Kohl as the savior who rescued them from more than four decades of Communist dictatorship. But this year, disaffection with Mr. Kohl and his employment policies ran so deep that about 1.5 million voters crossed party lines, slashing the Christian Democrats' share of the vote from 36 percent to 22 percent.



Helmut Kohl had an emotional departure from power at his party's convention. Behind him are former Employment Minister Norbert Blum and former Finance Minister Theo Waigel.

Russia's Communists Find a Target

By Michael Wines
New York Times Service

MOSCOW — The Communists went looking last week for someone to blame for Russia's economic morass, and after an extraordinary discourse freighted with memories of the Soviet past they found a candidate: the Jews.

For that they were swiftly condemned, most notably in a blunt statement by President Boris Yeltsin. Mr. Yeltsin said he was "indignant" at what seemed a revival of Soviet anti-Semitism. "Extremism will not take the upper hand in Russia," he said.

In a debate in the lower house of Parliament, Communist legislators had pressed the argument that Jews in the government and the media were aligned with outsiders in a campaign to undermine Russian nationalism and sap the country's strength.

In Moscow and in the southwestern city of Samara, a Communist legislator, Albert Makashov, proclaimed that Russia's economic woes were the fault of the *zhidy* — a slur for Jews — and that certain of them should be found and jailed. Mr. Makashov later expressed regret, saying he should have used the term "Zionists." But he also called for a debate over who really controls Russia.

Parliament called the remarks "sharp and bordering on crudeness." But after wrangling two days, it failed to pass a resolution that deplored racism. The vote was 107 to 121.

The Communist Party chairman, Gennadi Zyuganov, said that Mr. Makashov had been censured privately and that only a task force was needed to examine ethnic tensions, but several of his legislators praised Mr. Makashov. One, Gennadi Benov, called Zionism "more frightening than fascism because it operates from the flanks, clandestinely and secretly."

Other Communists took aim at journalists, saying they would bring charges against prominent television reporters for "their active and deliberate support of the regime and its criminal activities."

"It's distressing and dangerous when the Parliament of a multiethnic country opts for state anti-Semitism," said one of the resolution's backers.

Among the prominent figures who are Jewish or of Jewish extraction are Anatoli Chubais, Mr. Yeltsin's former finance minister and an architect of free-market reforms; Sergei Kiriyenko and Yevgeni Primakov, the former and current prime ministers; Alexander Livshits, a former economic adviser, and several so-called oligarchs who dominate Russian industry.

A New Sex Scandal in U.K.

Agriculture Minister Is 'Outed' by News Report

Reuters

LONDON — The British agriculture minister, Nick Brown, has admitted he is homosexual, but has denied paying for sex after a former lover tried to sell his story to a tabloid newspaper.

Prime Minister Tony Blair, embroiled for the third time in a month in a public row over the sex lives of members of his cabinet, was quick to defend Mr. Brown and said there was no question of him being asked to resign.

Mr. Brown's admission Saturday came only days after the Welsh secretary, Ron Davies, resigned after becoming the victim of an armed robbery when he befriended a stranger late one night in a London park known as a gay meeting place. Mr. Davies denied newspaper allegations that he was involved in a gay sex encounter.

Trade Secretary Peter Mandelson was "outed" when a political commentator described him as homosexual on a television discussion program, prompting the BBC to ban all broadcast references to his sexuality.

Mr. Brown effectively outed himself on Saturday night after the News of the World was approached by a former lover with what the tabloid said were "a series of fanciful and lurid allegations." Britain's best-selling Sunday paper said it had refused to pay him.

That prompted the minister, aged 48, to issue a statement in which he admitted

to a two-year relationship in the mid-1990s. "This was a relationship based on friendship and not simply sex, which ended well before the general election," he said.

The Labour Party swept to power in May 1997, ousting the Conservatives who had been rocked by sexual and financial scandals that hit its ministers and members of Parliament.

Mr. Brown said of his former lover: "Whatever he may be doing now, I deny totally that I paid money for sex. I have never done so."

"As in any other friendship, there were gifts. As I earned more than he did, and as this was a genuine friendship, there were occasions when I gave him small sums of money as gifts of friendship," he added.

"Nick Brown has given a full account of this relationship to the prime minister, and the prime minister is satisfied with that account," Mr. Blair's official spokesman said.

The News of the World splashed the story under the headline, "Minister Confesses Gay Fling to Blair." But it said it had not published the lover's allegations because it had not been able to substantiate them.

Mr. Brown's homosexuality has long been an open secret in parliamentary circles.

"I have always wanted to keep my private life and my sexuality private," he said. "I am sorry that because of the account this man has given that I have been put in a position where I have had to speak publicly about this part of my life."

BRIEFLY

Yeltsin Back in Capital

MOSCOW — President Boris Yeltsin returned to Moscow on Sunday after more than a week spent on the Black Sea coast recuperating from exhaustion, a Kremlin spokeswoman said.

He is due to meet the visiting Japanese prime minister, Keizo Obuchi, between Wednesday and Friday.

Mr. Yeltsin had been suffering from exhaustion and irregular blood pressure and has handed over the day-to-day running of the economy to Prime Minister Yevgeni Primakov.

2 Israelis Questioned

NICOSIA — Two Israelis held on suspicion of spying in Cyprus were out working for the government of Israel, the Cypriot Justice Ministry said Sunday.

"It has not been established in the course of inquiries regarding the case of spying for

which two Israelis are in custody that their actions" are connected in any way with the government of Israel, a ministry news release said.

The suspects, identified as Udi Hargov, 37, and Igal Damary, 49, were arrested by the police Saturday morning and remanded in custody for eight days pending inquiries. Sources close to the case said the two deny all involvement in espionage. (Reuters)

U.K. Drug Law Review

LONDON — Britain's upper chamber, the House of Lords, will call this week for the drug cannabis to be made legally available in Britain as a pain reliever, it was reported Sunday.

The Observer newspaper said a report by the House of Lords' science and technology committee urged a change in the law to allow derivatives of the drug to be used legally, but stopped short of saying the drug, banned entirely in Britain, should be permitted for recreational use. (AFP)

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Republicans in Turmoil / The Speaker Steps Down

How Gingrich Won the Race but Lost the Leadership and Faith of Party

By Ceci Connolly
Washington Post Service

WASHINGTON — Summoned to Newt Gingrich's Capitol Hill office to help map out a battle plan against Republican rebels determined to force Mr. Gingrich's ouster, Bob Walker was already compiling a mental list of the calls that would have to be made.

But by the time he arrived at the House speaker's office suite Friday afternoon, it was already too late. Mr. Walker, the former congressman from Pennsylvania who is Mr. Gingrich's closest friend and parliamentary mentor, found Mr. Gingrich's chief of staff, Arne Christenson, gripping the telephone in disbelief. There would be no battle, Mr. Gingrich had just told him. The speaker was surrendering.

"I hope maybe we can discuss this and think about this," Mr. Walker recalled saying to Mr. Gingrich, to no avail. "Newt informed us of his decision; he didn't say, 'What do you guys

think,'" said a former representative, Vin Weber, Republican of Minnesota, another close friend who had been patched into the call.

The final act in Mr. Gingrich's astonishing rise and fall had come quickly and quietly. Huddled at home in Georgia with his wife and no more than two or three close advisers, he had decided at midday Friday that even if his lieutenants could whip the Republican troops into line once more, he faced two years of brutal infighting.

"He thought he could get elected speaker, but he wasn't sure it was a prize worth winning if he was whipped by five or six people who happened to be mad that day."

The dismal election results, all agreed, were the precipitating event of Mr. Gingrich's downfall. Before the polls had closed Tuesday, it had been clear that the double-digit seat gains Mr. Gingrich had confidently predicted that very morning would not materialize. By midnight, some feared they would lose the House

entirely. In the end, the fact that Republicans had maintained a slim majority paled beside the loss of five seats. Yet the seeds of destruction had been planted much earlier. Less than a year after he led the Republican Party to its

stunning 52-seat win in 1994, the new speaker found himself presiding over a miscalculation of equally stunning proportions — a government shutdown that infuriated the public and all but guaranteed a second term for President Bill Clinton and a nine-seat gain in the House for Democrats in the 1996 election.

The end of 1996 brought Mr. Gingrich an ethics reprimand and a \$300,000 penalty, a controversy that infuriated Republicans anxious to hold the high road

above what they saw as the ethically compromised Clinton administration. Mr. Gingrich paid a price for biding on to the speaker's chair, as rank-and-file Republicans clamored for internal changes that diluted his power and rebels

staged an unsuccessful but damaging coup attempt.

But 1998 brought the Clinton sex scandal, and by fall, Republicans were again upbeat. History was on their side: Opposition party gains in midterm elections since World War II have averaged 27 House seats. The Republican Party had the financial advantage and believed the Clinton controversy was just the issue to excite their voters.

"We got everybody talking about our

ads in the last five days of the election," said Rich Galen, a Gingrich adviser who was enthusiastic about the anti-Clinton commercials that the speaker helped orchestrate.

On Election Day, from his headquarters just outside Atlanta, Mr. Gingrich joined a telephone conference call with Republican lawmakers. Guided by Joe Gaylord, his strategist, the speaker boldly predicted the party would gain perhaps 20 House seats.

But as the night wore on, it became clear something had gone terribly wrong for the party.

"It was a roller-coaster of emotions," said Mr. Galen, who was with the speaker Tuesday night.

Shortly after 9:30 P.M., Mr. Gingrich spoke to a ballroom of cheering fans; he won his own re-election in Georgia's 6th District easily and made much of the fact that for the first time in 70 years Republicans would retain control of the House for a third straight term. Behind

the scenes, bedlam was erupting, several high-ranking Republicans said.

After a series of phone calls around midnight, Republican Party leaders realized they might actually lose the House.

Mr. Gingrich went to sleep at 2 A.M. Mr. Galen recalled, confident that Republicans would hold the House. But he could not have slept easily. Before retiring, Mr. Walker called with a warning. "I made the point to him that the thing I would be most concerned about was organization day," Mr. Walker said, referring to the first day of the new session in January 1999. "With such a small majority, there was a great chance of mischief."

The old friends talked in "short-hand," Mr. Walker recalled. But Mr. Gingrich understood the meaning. Even if he held the House, it would be with such a slim majority that a handful of renegades in his own party would be enough to bring him down.

In a conference call with Republican House members Wednesday morning, Mr. Gingrich tried to deflect the criticism. "That call really made members angry," said a Republican pollster. "There was no sense of personal responsibility; he offered no ideas for the future, no ideas for how to prevent this from happening again. That call turned a lot of people against him."

For months, two overlapping groups of junior lawmakers had been plotting a leadership challenge. One group, a mix of conservatives and moderates, focused on ousting Mr. Gingrich. The other, composed almost entirely of conservatives, decided to target Majority Leader Richard Armey, who they believed had betrayed them during their failed coup attempt in 1997.

Before the Nov. 3 elections — particularly after Mr. Gingrich acquiesced to Mr. Clinton in passing the budget — both cadres discussed how to unseat the party establishment. But after the results Tuesday, their task took on more urgency. Representative Matt Salmon, Republican of Arizona, who had maintained a low profile after the coup attempt, was deluged with calls from lawmakers who knew he remained a Mr. Gingrich critic. "These are people who would have tarred and feathered me a year ago," Mr. Salmon said.

In a blizzard of coast-to-coast calls, the chairman of the Appropriations Committee, Bob Livingston, Republican of Louisiana, and Representative Steve Largent, Republican of Oklahoma, began sounding out colleagues. Mr. Largent was determined to trigger a shake-up of some sort; he just didn't know how high to aim.

Late Wednesday, Mr. Livingston called Mr. Gingrich in Georgia to express concern about the future of the House and to suggest Mr. Gingrich consider stepping aside. Mr. Livingston then told him that he might run for speaker.

The pace of revolt quickened. Thursday night, Mr. Salmon's frustration exploded on CNN's "Larry King Live," when he warned he had the votes to block Mr. Gingrich's re-election as speaker on the opening day of Congress in January, and to throw the House into turmoil. It was the parliamentary nightmare Mr. Walker had envisioned election night.

Friday morning, Mr. Livingston faxed Mr. Gingrich a three-page ultimatum. In 16 sharply worded points, the Louisiana man said he would not challenge Mr. Gingrich if the speaker gave him full control over the Appropriations Committee.

As word leaked, Mr. Livingston was still not ready to declare his intentions, but several conservative Republicans called to strengthen his resolve.

By late morning, Mr. Largent announced he would challenge Mr. Armey for the No. 2 job.

In the meantime, Mr. Livingston called his own news conference to announce he would run for speaker.

On Friday afternoon, the chairman of the House Ways and Means Committee, Bill Archer, Republican of Texas, told Mr. Gingrich he feared Mr. Salmon's bravado — the threat to defeat Mr. Gingrich with the votes of Republican dissidents and Democrats on the House floor in January. Mr. Gingrich apparently thought so, too. Within a couple hours, he gave the news to Mr. Walker.

A Loss for Democrats

Fund-Raisers Already Miss an Ideal 'Villain'

By Richard L. Berke
New York Times Service

WASHINGTON — Their wish finally came true: Democrats helped topple Newt Gingrich. But rather than celebrate, many of the House speaker's toughest foes are now lamenting the loss of the politician they most liked to demonize.

"We won't have Newt to kick around any more — and we'll miss him," said Mandy Grunwald, a Democratic media consultant. "In the way the Republican Party spent years using Ted Kennedy as their punching bag — and made millions in direct mail off him — I don't think we've ever had a better villain than Newt."

Hours before Mr. Gingrich's decision to step aside was announced on Friday evening, Saul Short, a Democratic commercial creator who featured the speaker in a recent advertisement in a House race in Seattle, said he told a colleague that he hoped Mr. Gingrich would survive. "You only get to make a first impression once," Mr. Short said, "and the first impression he made on the American public was entirely negative."

Just as many Republicans did not want President Bill Clinton to resign — they preferred a wounded president over Vice President Al Gore in the top spot in

the run-up to the 2000 campaign — Democrats are ambivalent about Mr. Gingrich walking off the political stage. Not even Senator Jesse Helms, Republican of North Carolina, the archenemy of liberals for decades, could generate as much vitriol — or fund-raising dollars on either side — as Mr. Gingrich.

Told of Mr. Gingrich's decision, John Engler, the Republican governor of Michigan, described him as a leader who was "either loved or hated." To many, it was more the latter. A New York Times/CBS News Poll taken several days before the election on Tuesday found that the speaker's popularity was continuing to erode: His positive rating stood at 18 percent; his negative rating was 43 percent.

Mr. Gingrich was popular among Democrats because all they had to do was flash his picture (usually in blurry black and white) in a television commercial or inject his name in a partisan speech or a fund-raising appeal, and it was instant shorthand for depicting Republicans as dangerous extremists.

In the 1996 presidential campaign, the Democratic Party pumped millions of dollars into commercials tying the Republican nominee Bob Dole to Mr. Gingrich. "They really weren't even that creative," Ms. Grunwald said of the spots.



They did not have to be. All the commercial creators needed was an image that people could grasp in a split second.

Mr. Gingrich's swift emergence as an irresistible foe occurred because of a confluence of events: He became a household name because of his triumph leading the Republicans to seize the House in 1994, for the first time in 40 years. But a year or two later, when Americans began souring on the new Congress, Mr. Gingrich was seen as the

As the outspoken speaker of the House, Newt Gingrich loved the limelight. He served as a useful public enemy for the Democrats, but off-camera he brokered deals in Congress that helped further President Bill Clinton's agenda. Friends and foes alike say Mr. Gingrich's departure will create a vacuum.

Andrei Cherny, a former senior speech writer for Mr. Gore, said the loss of Mr. Gingrich as a pinata was "a sad day for Democrats." It was with relish, he said, that he would lace Mr. Gore's speeches with references to the speaker. "Newt Gingrich was a two-word explanation for Republican intransigence and extremism and I took advantage of it," said Mr. Cherny. "Every time he was the voice of the Republican agenda, it made the Democratic arguments that much easier."

Aftershocks in Senate?

Republicans Are Watching Anxiously

By Helen Dewar
Washington Post Service

WASHINGTON — Senate Republicans are anxiously monitoring the shock waves from Newt Gingrich's decision to step down as speaker of the House to see whether it eases or exacerbates the tensions that were already rising in their ranks as a result of the Republicans' poor showing in the elections Tuesday.

The convulsion in the House "could be the end or the beginning, we don't know which," said an aide to a Senate Republican leader whose political fate could hang in the balance.

"It's very unsettled," said an aide to a senator who wants changes in the lineup. "It's clearly too soon to say that anyone in the leadership is safe."

Senator Chuck Hagel, Republican of Nebraska, who is considering a run for the Senate leadership in hopes of shaking it up, said that he believed that Mr. Gingrich "did the honorable thing" and "accepted accountability" and warned Senate leaders that they "cannot just merrily skip along and, with a wink and nod, say they will do better next time."

Republicans lost seats in the House and failed to make any gains in the Senate last week more because of their own inadequacies than anything the Democrats did, Mr. Hagel said in a telephone interview. "I don't think we had a message" or "a spokesman to articulate where we stand," he said. "We played defense all year and we confused our base. We didn't give them a reason to come out and vote for us."

But Mr. Hagel said he had no idea whether Mr. Gingrich's decision would increase pressure for Senate changes.

Senate Republicans will choose their leaders for the 106th Congress in early December, two weeks after House Republicans meet to choose theirs, allowing ample time for frustrations to fester or abate.

Even before the embattled Mr. Gingrich rocked both wings of the Capitol with his decision on Friday evening, senators were on the phone with each other discussing possible challenges to their leaders, especially Senator Mitch McConnell, Republican of Kentucky, who was in charge of fund-raising and strategy for Senate Republicans in the fall campaigns.

Many senators have focused their ire on Mr. McConnell, criticizing what they describe as his inattention to broad campaign themes and his preoccupation with electing Representative Jim Bunning to the Senate in his home state and defeating Senator Russell Feingold, Democrat of Wisconsin, a leader in the campaign finance overhaul effort that Mr. McConnell opposed. Mr. Bunning won, but so did Mr. Feingold.

The campaign post is critically important for this election cycle because control of the Senate will be at stake, along with that of the White House and the House. With Republicans defending more Senate seats than Democrats,

many senators who are up for election in 2000 are among those agitating for leadership changes, including at the campaign committee.

Mr. Hagel said that "a number of senators" had urged him to challenge Mr. McConnell and that he was "very seriously considering" doing so. He said he would make a decision in a couple of weeks.

Some senators have complained that the problems run deeper than the campaign committee and faulted the majority leader, Trent Lott of Mississippi, for failing to develop a compelling election-year agenda. They were especially aggrieved by the handling of the huge end-of-session spending bill, which many regarded as a defeat for Mr. Gingrich and Mr. Lott at the hands of President Bill Clinton.

Several senators indicated privately that they would look favorably on a challenge to Mr. Lott by the majority whip, Don Nickles of Oklahoma, but that Mr. Nickles had not signaled whether he would do so. An aide to Mr. Nickles said he could not comment on Mr. Nickles's plans. One source said Mr. Nickles was unlikely to run but would have a "good chance" of winning if he did so.

Mr. Flowers secretly developed Colossus, a one-ton machine that revolutionized the first part of decoding by pinpointing the wheel setting used by German operators for coded messages. "Colossus had all the characteristics of the computer although it wasn't thought of as a computer at the time," Kenneth Flowers said.

Mr. Flowers's breakthrough lay in devising an electronic machine to do what had previously been done mechanically, his son said.

By the D-Day invasion of June 1944, Mr. Flowers had produced one more Colossus that worked five times as fast as his original one. By the end of the war

in 1945, 10 machines were in operation.

Mr. Flowers remained largely unknown to the wider public because the work was kept secret until the 1970s.

After the war, he returned to the Post Office and tried to persuade his superiors to use technology to produce an all-electronic phone system.

"He spent 20 years trying to persuade them, but he wasn't so successful because he couldn't tell them he had already produced the machine," Mr. Flowers's son said.

Wolfgang Stresemann, 94, Director of Berlin Philharmonic.

BERLIN (AFP) — Wolfgang Stresemann, 94, former director of the Berlin Philharmonic Orchestra while the legendary Herbert von Karajan was its conductor, has died, the orchestra announced Saturday.

Mr. Stresemann, son of the Weimar German chancellor and foreign minister, who won the Nobel Peace Prize in 1926, fled Nazi Germany for Switzerland and then the United States, where the conductor Bruno Walter became his mentor. He returned to Germany after World War II and became director of the Berlin Philharmonic in 1959, a post he held for 20 years.

He played an essential role in mediating the love-hate relations between the temperamental Mr. von Karajan, who died in 1989, and his musicians.

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Republicans in Turmoil / Confidence at the White House

Democrats Allow a Sigh of Relief

By John M. Broder
New York Times Service

WASHINGTON—With Republicans in fractious disarray, the White House is preparing a new winter policy offensive and gaining confidence that President Bill Clinton can emerge from the impeachment inquiry with little or no further damage.

White House officials insisted that last week's election results and the departure of the president's chief Republican foil, Newt Gingrich, speaker of the House, would have no bearing on the president's handling of the impeachment threat in the next few weeks.

These officials denied widespread speculation that Mr. Clinton would now feel emboldened to aggressively contest the Judiciary Committee's impeachment inquiry or the Paula Jones sexual misconduct suit. There is no chest-thumping or drum-beating going on in the White

House, these aides said. But there was no mistaking the sense of relief and elation at the White House and among congressional Democrats. An aide repeated the joke making the rounds of senior White House staff: "The Monica strategy worked."

to respond to the public will expressed in Tuesday's voting. Mr. Clinton said last week that the midterm election results were an "ear-splitting" public endorsement of his policies on education, health care and Social Security, and vowed to pursue them with new aggressiveness.

One thing, at least, has changed: Presidential advisers and Capitol Hill Democrats now speak openly of the possibility that the Judiciary Committee will find no grounds for impeachment.

And while aides quietly let it be known as recently as a month ago that the president might be willing to accept congressional censure or some other form of lesser punishment as an alternative to impeachment, there is now growing confidence at the White House that Congress may take no action at all.

A senior Democratic aide on Capitol Hill, however, said Mr. Clinton could probably not escape the scandal over his affair with Monica Lewinsky untouched. "The sense up here is still that the exit will require some form of punishment, whether it's censure or whatever," the official said.

White House aides involved in handling impeachment matters said they were particularly heartened by the decision by Representative Henry Hyde of Illinois, chairman of the Judiciary Committee, to call only the independent counsel, Kenneth Starr, as a witness. Instead of hearing weeks of testimony, the committee appears to be limiting its inquiry to areas Mr. Starr has investigated.

"Starr's not going to tell them anything we don't already know," a White House official said. "It's going to be tough for them to vote articles of impeachment based only on Ken Starr as a witness."

Instead of reassessing their scandal strategy, Democrats are gleefully watching the Republicans shoot their wounded and quarrel over the electoral defeat.

"Who cares about impeachment?" a congressional Democratic aide said at the end of the week. "We've got a war going on in the Republican Party."

On Thursday, the Judiciary Committee sent the White House a list of 81 questions arising from Mr. Starr's investigation of the Lewinsky matter. White House lawyers said they planned to respond in a "timely" manner and would not try to drag out the proceedings.

But a broader reaction to the inquiry will await the Republicans' next move, aides said.

As the Republican drama plays out on Capitol Hill, the president intends to hew to the agenda that he outlined last January in his State of the Union speech and that Democrats used to their advantage in the fall campaign.

In two post-election public appearances, Mr. Clinton stressed revisions to the Social Security system and support for a health care "bill of rights" as the top priorities of the new year. Aides are now putting flesh on this skeletal agenda for presentation in the budget submission to Congress early next year and in the State of the Union speech in January.

"The lawyers will continue to handle impeachment stuff and the president will continue to be president," said Douglas Sosnick, a senior presidential adviser. "Despite the fact that on one inside the Beltway was paying attention all year, we have been working on his agenda to improve education, preserve Social Security, pass a health care bill and maintain the strength of the economy. Tuesday's balloting reaffirmed that the people were listening, and that is certainly satisfying for the people here."

But despite the heavy optimism brought by the Republican chaos and the dimming danger of impeachment, White House officials are clearly of proclaiming another comeback by Mr. Clinton.

"There's still time to mess up," an adviser said of the remainder of the president's term. "No lead is safe with us."

A joke making the rounds of Clinton advisers: 'The Monica strategy worked.'

GINGRICH: Succession Struggle in House

Continued from Page 1

homa, said that the question facing Republicans is "whether we retain the crew of the Titanic." Mr. Largent, known to many Americans as a former professional football star, has the backing of many conservatives.

John Boehner of Ohio, the Republican conference chairman, which is the party's fourth-ranking position, faced a dual challenge. J.C. Watts of Oklahoma, the only black Republican in the House, and George Radanovich of California have announced their interest in his post.

Thomas DeLay, the majority whip and a hard-liner, was the only member of the current House leadership team not being challenged. He promised to support Mr. Livingston.

Democrats, who have made Mr. Gingrich, a man with low public approval ratings, something of a political punching bag, had little to say about his exit. Mr. Clinton called him a "worthy adversary."

Analysts said Republicans could improve their chances in the 2000 elections by selecting leaders who were less polarizing and more ideologically moderate.

Both Mr. Livingston and Mr. Cox spoke Sunday of a need for Republicans and Democrats to cooperate and seek compromise.

Mr. Livingston, a former prosecutor, said that as speaker, he would "reach out" to all interested parties "to form the legislation we need to enhance the quality of life for all Americans—but under Republican guidelines."

"When you have slim margins of 12 or 6 votes you can't do everything you want," Mr. Livingston said on ABC.

Mr. Cox, appearing on CNN, seemed almost to be quoting Mr. Clinton when he said that the new Congress must "put policy ahead of partisanship." He added, "I want to make sure that we hear what the voters are telling us."

Mr. Boehner, who is backing Mr. Livingston, also called for closer cooperation with Democrats. "Especially with a narrow majority," he said on ABC, "we've got to develop more consensus."

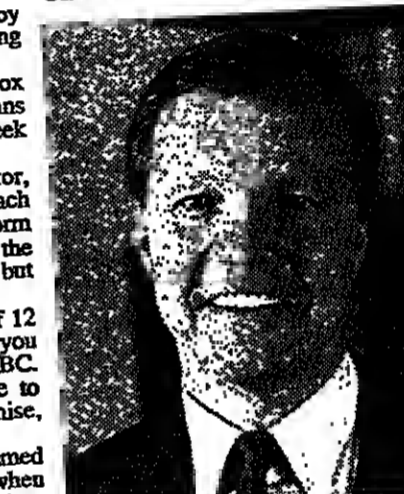
The speaker, the most powerful figure in the House, has enormous influence over the legislative agenda.

Several Republicans appeared anxious Sunday, in the wake of their electoral disappointment, to broaden the mix of issues they hope to bring to Congress—and the public—next year. Along with plans for tax cuts and a stronger military, several spoke Sunday of education reform, preserving the Social Security retirement system and giving patients greater rights.

One outgoing representative, Bill



Steve Largent of Oklahoma, above, is seeking to be House majority leader. Christopher Cox of California is angling for speaker.



William Phillips/The Associated Press

Paxon, predicted there would be fewer clashes in the next Congress over social issues like abortion.

"The emphasis will be: We need to work these things out in-house, to respect each other's opinions," the New York Republican said on Fox News.

Mr. Livingston was cautious on another important matter facing Congress. Asked about the likely impact of the elections last week on the impeachment process, he said he would wait to see what Henry Hyde, chairman of the House Judiciary Committee, ultimately recommended. "If the evidence is there," he added, "I will vote for it."

Mr. Cox, asked Sunday about the process said, "There's no alternative to the present course. Over 400 members voted for an impeachment inquiry."

LEGACY: Newt Gingrich Makes History While Making His Mark

Continued from Page 1

Mr. Gingrich was more than a two-term speaker. Except for a period of a few months in 1996 when he defected to the presidential nominee, Bob Dole, he was the symbol and leader of the Republican party for all six years after it lost the White House. He rose on the Republican takeover of Congress in 1994, the first Republican speaker from the South. And he fell in the wake of an election that almost wiped out his narrow majority in the House.

Whoever succeeds him, said former Representative Vin Weber, ally of Mr. Gingrich's, and a friend and ally of Mr. Gingrich's, "the next leader will not be as strong as Newt or as capable of making dramatic moves."

Ever since Mr. Gingrich led the new Republican majority in a budget confrontation that shut down major parts of the federal government over the Christmas holidays in 1995, he has been the bogeyman Democrats have used to raise money and roll up the vote.

But the reverse of that coin, as former Representative Robert Walker, Republican of Pennsylvania, another intimate of Mr. Gingrich's, put it, is that "Clinton loses someone he can make a deal with." When it came time to negotiate agreements—whether it was welfare reform in 1996 or budget-balancing in 1997—Mr. Gingrich's signature was necessary.

Mr. Gingrich has been particularly cooperative when it comes to foreign policy. A student of history who spent part of his youth in France, he offered what Thomas Mann, the Brookings Institution scholar on Congress, called "instinctive, patriotic support to a president of the opposite party on the big international questions of trade and foreign policy. There aren't many like him around."

A White House official said that similar concern already had been raised in staff discussions, anticipating issues arising next year on everything from

trade negotiating authority to the use of the CIA to monitor terrorism in the Middle East.

The men seeking to succeed Mr. Gingrich, including the apparent front-runner, Bob Livingston, Republican of Louisiana and chairman of the Appropriations Committee, are, one House Democratic leadership official observed, "much more in the last Democratic mold," a reference to the Newt Gingrich speaker, who rarely sought the limelight and contented himself with grinding out bills.

Whether they will have the clout to move bills in a House with a six-vote Republican majority, riven by differences between senior issue conservatives and moderates, is another question. While others disagreed, Mr. Weber said, "I think it means that precious little gets accomplished this Congress except for routine appropriations bills. I'd like to think that the closeness of the party division would force cooperation on issues like Social Security. I haven't given up on it, but I wouldn't predict it."

One reason Mr. Gingrich's departure may create a larger vacuum than the change, say, from Jim Wright, Democrat of Texas, to Mr. Foley in 1989, is that Mr. Gingrich centralized power in the speaker's office far more than any of those Democratic predecessors since Sam Rayburn. "Starting with the 'Contract with America,'" Mr. Mann said, "he created the notion that the agenda for the House, and for each of its committees, was set by the party leadership—meaning himself."

Mr. Gingrich broke the precedent of seniority determining committee chairmanships, skipping over several more experienced members to make Mr. Livingston head of the Appropriations Committee, for example.

He also picked junior members of unusual promise for spots on key policy panels. Representative Rob Portman, Republican of Ohio, was starting his second term in 1995 when a vacancy opened on the Ways and Means Com-

mittee. "Traditionally, the Ohio delegation would have decided who got the seat on the basis of seniority among the claimants," Mr. Portman said. "There were three senior to me, but Newt just said he wanted me in that spot."

The treatment Mr. Portman received was emblematic of the way Mr. Gingrich reached around the hierarchy of the House to empower junior members.

Ironically, it was the revolt of some of those same members, who complained that he had backed away from some of the goals of the "revolution" or had stirred too much personal controversy, which undercut his position and led to the decision Friday to step down.

Yet Republicans came to depend on his leadership—whether they agreed with his instincts or not. In the 104th Congress of 1995-1996, Mr. Gingrich wielded the Contract With America to insist that legislation reflect the party's agenda. Even in the last Congress, when committee chairmen began to reassert their prerogatives, Mr. Gingrich still flexed his muscle.

In one case, Mr. Gingrich virtually ordered the chairman of the House Commerce Committee, Tom Bliley Jr., Republican of Virginia, to suspend negotiations on a tobacco bill with Representative Henry Waxman, Democrat of California, because he did not like the shape their legislation was taking. Mr. Bliley complied.

The overthrow of the old order in the House was signaled on Mr. Gingrich's first day as speaker, when a package of radical rules changes was approved in a marathon session that ran well past midnight. The most consequential change set a six-year limit on tenure of committee chairmen and an eight-year limit for the speaker. That was a factor in Mr. Livingston's decision to mount a challenge for the speakership, the precipitating event in the swift march toward Mr. Gingrich's decision on Friday. It promises further upheaval—or opportunity for advancement—every two years as long as it is in effect.

LANGUAGE

Coin Your Own, for Fun and Profit

By William Safire

WASHINGTON—How are new words created? What's the logic behind neologisms? How can you, working at home, coin your own words for fun and profit?

Here is how you can amaze your friends and dismay your derogators by displaying your hidden ingenuity. The secret: knowing your combining forms.

Take *-ware*. This started out in the Sanskrit *varas*, "price," and came to mean, in English, things of value—"goods." We used this combining form for articles made of clay (*earthenware*) or a range of tools (*hardware*).

Then, in 1960, as computers came on the scene, we had the need for a word to describe the programming needed to describe the hardware. Coinage: *software*, the opposite of "hard" with the combining form *-ware*. That was only the beginning: If a company promises new software and doesn't meet its deadline, the nonproduct is decided as *software*.

Last month, in a harangue against gloom-and-doom economists wringing their hands about a global crisis, I had the need for a name for what ailed them. What's the combining form for an ailment? Often it's *-itis*, as in *asthma*. So I blazed away at those afflicted with *global crisis-itis*. Strictly a nonce coinage, but it fits the moment's vituperative need.

In the spring 1998 issue of *American Speech*, a Quarterly of Linguistic Usage, Adrienne Lehrer of the University of Arizona has an article, about "Scapes, Holics and Thons: The Semantic of English." Combining forms, she describes how "source words" like *Watergate* get splintered, with a portion becoming a combining form, from Carter's *Billgate* to Reagan's *fraggate* to Clinton's *Monicagate*. In the same way, *alcoholic* spawned *workaholic* and *chocoholic*, as *holic* became a combining form meaning "hooked on."

Take a familiar word like *sandwich*,

a culinary creation named after the fourth Earl of Sandwich in 1762. Say you are a bagel baker and you want to use your product instead of bread to purvey smoked salmon and cream cheese. You put up a sign: *bagelwich*. Everyone instantly knows you are pushing a sandwich made on a bagel.

Same with *hamburger*, originally chopped meat enjoyed by residents of Hamburg, Germany. Using the *-burger* combining form, we come up with *cheeseburger* and now *veggieburger*, with a score of variations in between. You get the meaning instantly with no explanation needed, even if you've never seen or heard the word before.

Jargonisms (a play on *Argonauts* and an example of the *-nauts* combiner used by *Reaganauts*) like to use *-speak* as their combiner. The source word is George Orwell's *newspeak*, and it spawned everything from *Haigpeak* (Al Haig's "Soakbook" to that) and shades of gray *nauspeak* to the San Fernando Valley girls' *Valpeak* ("grody to the max").

Leave behind the *-holics* and *-thons*. (Just as a *television marathon* blends to become a *televisionathon*.) We can also skip the *-scapes*. (*Landscape*, the source word, led to coinages of *seascape*, *moonscape*, *clayscape* and *Xeriscape*, "parks created with little need for water.")

Turn to the fifth letter of the Roman alphabet for the combining form now most in vogue: I've been keeping a fair weather eye on the letter *e*.

"More of us will work as *e-lancers*," said Snigdha Prakash, an NPR reporter, in the course of an interview, defining the term as "free agents who are electronically linked to other soloists for specific projects, and move on when the work is done." These are the unaffiliated employed ("drifters," we used to call them), and the term is a ryming play on *free-lancer*, originally a mercenary soldier of the Middle Ages, now often a middle-aged soloist.

When *electronic mail*, coined in 1977, was shortened five years later to *e-mail*, it became the combining form

of the Information Age, mashing aside its competition on the prefix *cyber-* (from the Greek *kybernan*, "to govern").

Now we have *e-text* published in an *e-zine* (often shortened and pronounced "zeen"). You can buy an *airline e-ticker* with *e-money* or *e-bucks* (terms that have bankrupted *cybercash*), unless you want to use *e-credit*, a form of Internet dealing known as *e-commerce* or *e-tailing*. That last is a play on *retailing* and, as in *e-lancer*, the letter *e* does not stand only for "electronic."

Wayne Glowka, an editor of the Among the New Words section of *American Speech*, reports that *e-gifts* or *e-bouquets* are often given by members of the *e-generation*. (Want to subscribe? Send \$35 to Duke University Press, Box 90660, Durham, N.C. 27708-0660. Sorry, I don't know how to do it electronically.)

All of this, plus generations of new terms as yet uncoined, will be secured as *e-speak*, a product—just think of it—of two combining forms, which I have just coined this instant unless some *e-reader* of my *e-text* beat me to it.

In a smirking swipe at the use of "what is" by the only president we have, a language maven noted that *has* there been was in the past perfect tense.

As Lise Nazarenko, a lecturer in English at the University of Vienna, noted: "Has there been is not in the past perfect tense, but rather in the present perfect tense. Past perfect would be *had there been*."

Perfect, in its most familiar sense, means "flawless," in an earlier sense, it meant "complete." That sense of "finished" is what we use in grammar: a verb form expressing an action that is complete at the time of speaking or at the time spoken of. And since *has* is present and *had* is past, "has there been" is, as the entire *Gotcha!* Gang has gleefully pointed out, in the present perfect tense.

New York Times Service

BOOKS

BLOOD AND VENGEANCE

One Family's Story of the War in Bosnia
By Chuck Sudetic. Illustrated.
393 pages. \$26.95. W.W. Norton.

Reviewed by Herbert S. Okun

THE 1992-95 war in Bosnia-Herzegovina left an indelible imprint on most of the foreign journalists who covered it. Serbian shelling of defenseless cities; brutal concentration camps and, above all, "ethnic cleansing" could not be forgotten, and many journalists sought to sum up their experiences in books. Understandably, the quality varied from transient reports resting on hard covers to powerful first-hand accounts enhanced by an enlarging vision. In the latter category, among others, one thinks of the Americans Roy Gutman, David Rieff and Laura Silber, and Martin Bell and Misha Glenny of Britain.

Chuck Sudetic's superb "Blood and Vengeance" joins that short list and is essential reading for anyone who wants to understand the war in Bosnia. The book traces the course of the larger war through its impact on one Muslim family, and Sudetic's magnifying approach illuminates both the darker corners and the larger framework of the conflict.

The Muslim family whose tragic destiny he chronicles is that of Huso and Eliza Celik and their three sons and a daughter. Related to the family by marriage, Sudetic is an American of Croatian descent who arrived in Yugoslavia in 1990 and covered the fighting in Croatia and Bosnia for the New York Times from 1990 to 1995. Over the following years, he returned to the former Yugoslavia in an effort to ascertain the fate of the Celiks, who had been driven by their Serbian ethnic cleansing from their mountain village of Kupusovino town to the nearby eastern town of Srebrenica, one of the UN safe areas.

Through the histories of the extended Celik family and their neighbors, Serb and Muslim alike, Sudetic draws a compelling portrait of life in the ancient Bosnian villages and towns along the Drina River, for centuries the border between Bosnia and Serbia. Sudetic also records "life along a troubled border," the mutual fears and antagonisms, as well as the persisting blood feuds. He notes without comment that both the grandfather and father of Huso Celik died violent deaths: His grandfather, a conscript in the Aus-

trian Army, was killed by Serbian neighbors at the beginning of World War I; his father, a farmer, was killed by Serbian guerrillas in World War II.

Huso and his family's turn came in the spring of 1992 when, after an ill-fated referendum on Bosnian independence, Serbian-inspired violence exploded. Little reported upon at the time, in eastern Bosnia the Bosnian Serb leaders and their mentors in Belgrade were carrying out a calculated plan to create an "ethnically based" Bosnian Serb Republic—*Republika Srpska*, they called it—next door to Serbia.

Ethnically based meant ethnic cleansing for the majority-Muslim areas. The early parts of "Blood and Vengeance" focus on the fighting in 1992-93, culled from the declaration of Srebrenica, a safe area by the UN Security Council in April 1993. Sudetic is particularly critical of the permanent members of the council, for he sees their decision as a cynical ploy to avoid decisive politico-military action, thereby turning Srebrenica into "something worse than a concentration camp." Like thousands of the Celik Muslims, Huso and most of the Celiks, family huddled in Srebrenica for years, surviving on humanitarian aid until the Bosnian Serb army launched a large-scale attack and took the town in July 1995.

The capture of Srebrenica, with UN peacekeeping troops standing by impotently, forms the calamitous denouement of "Blood and Vengeance." Sudetic recounts in detail the events leading up to the fall of the town and the subsequent massacres of the Muslims, overwhelming civilians, who had sought refuge there, the largest mass murder in Europe since the end of World War II.

Huso Celik and his son-in-law, Muhamed, along with 7,000 to 8,000 other Muslim men, were rounded up and taken away by the Bosnian Serb forces of General Ratko Mladic and have not been seen again. Almost certainly they are dead. Huso's four children survived the Srebrenica massacres. His daughter and two sons went to live in Canada, and another son resettled in "a characterless" south of Sarajevo, a former Serb area now part of the Muslim-Croat Federation that makes up half of a divided Bosnia-Herzegovina.

The Celik family has not returned home. Sudetic does not cavil at their decision, noting that the Dayton accords "left the Bosnian Serb nationalists... the very things who had started the violence

in the first place" in de facto control of the other half of Bosnia, including Srebrenica and other former Muslim-majority towns in eastern Bosnia.

Not is the Celik family unique. In the three years since Dayton, some 60,000 of those expelled have returned to their original homes, and they have almost all been Bosnian Croats and Bosnian Serbs who have gone to Muslim-controlled areas. Of the more than 250,000 Muslims expelled, the principal victims of the war, virtually none have returned to their former homes in what is now the Republika Srpska. Has ethnic cleansing been rewarded?

Unsurprisingly, there are more vilains than heroes in "Blood and Vengeance." The villains are headed by the Serbian, oov Yugoslav, president, Slobodan Milosevic, "the prime mover" of the Yugoslav disaster, followed by Mladic. There are others as well: President Franjo Tudjman of Croatia; some nationalist Muslim leaders; and such feckless UN officials as Yasushi Akashi, the secretary-general's special representative in the former Yugoslavia.

Among the few heroes are the last UN military commander in Bosnia, General Rupert Smith of Britain, as well as the nameless ordinary Bosnians who behaved decently amid the prevailing brutality.

The book is not without its imperfections. The eye-blurring profusion of names makes it read at times like Dostoevsky on an off day, despite a 14-page listing of "main characters." Some of Sudetic's historical material is of the potted variety. One would also like to have been told why the brutal but effective Muslim military commander of Srebrenica, Naser Oric, was flown out to safety shortly before the final Serb assault. The Celik family tree has a confusing error, and one map places their home village in Serbia. But these are minor points.

Sudetic tells us that in "Blood and Vengeance" he sought to delve beneath surface events and to uncover "the deep structure" of the Bosnian war. In this vital narrative he has succeeded magnificently.

Herbert S. Okun, former U.S. ambassador to East Germany and the United Nations, wrote this for The New York Times.

BRIDGE

By Alan Truscott

ONE of the most mysterious elements in card play is the "useless fifth." It always seems safe for a defender to make one discard from a five-card suit when it is clear that neither opponent can match that length. But there are some interesting exceptions, such as the diagramed deal played at Honors Club in Manhattan.

South was August Boehm, whose students call him the Professor. He had been teaching squeeze plays to the North player, Carol Diana, but the rare variety involved here was not part of the lesson. She opened one diamond and passed her partner's bid of three clubs, which was preemptive in the partnership style. This is one of the ways modern players solve the

problem of a long suit in a weak responding hand. An alternative is the "negative free bid," which calls for two bids in this situation, after an overall, to be nonforcing.

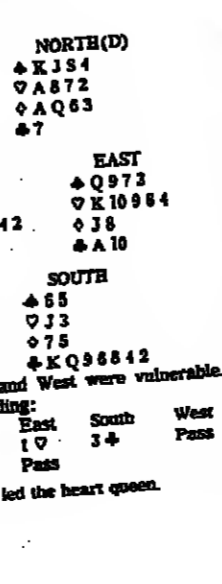
South won the heart lead with dummy's ace and led the singleton trump. East put the ace and played the heart king followed by the 10.

South ruffed high, cashed his other high trump and exited with a trump. East had to make a discard, and made the obvious choice of a heart. But the "useless fifth" was not as useless as it appeared.

After winning his trump trick, West shifted to a diamond, and South finessed dummy's queen successfully. He ruffed a heart and cashed a trump to reach the ending shown at left.

Boehm's aim in life was to avoid the spade guess. Since all the hearts had disappeared, he could afford to lead his last trump. This forced West to throw the spade 10 to keep his diamond guard, and South threw the diamond six from dummy. Now a spade was led, West won his ace, and dummy took the last two tricks.

But if East had saved his "useless fifth" heart, coming



EDITORIALS/OPINION

Herald Tribune

Gingrich's Demise

The House speaker, Newt Gingrich, was swept away by the congressional equivalent of a barracks coup, and it happened with a speed that actually merits one of the most overused adjectives in the political dictionary. It was, in fact, stunning.

Probably Mr. Gingrich was himself stunned as he measured by telephone the erosion of his support in the Republican conference that he and such hard-handed deputies as Dick Armey had run with harsh efficiency.

As he sought votes among the 223 Republican House members who survived the Tuesday election, Mr. Gingrich discovered that it is hard to spin professional spinners. He had argued that the loss of five Republican Party seats rather than the expected gain of 10 to 20 was, in fact, a good showing. It was only if you accepted his spin that maintaining razor-thin majority control was a victory. Not even his closest supporters bought that.

Moreover, they thought the Gingrich-endorsed television ad blitz about the Clinton sex scandal was a huge strategic blunder. So they forced out the leader who took them to control of the House in 1994. It was a fittingly unpredictable end for a man who always saw politics as blood combat.

Mr. Gingrich was the intellectual architect and chief spokesman for the '94 sweep. He did it by nationalizing the 435 separate House contests, a brilliant tactical coup that stunned President Bill Clinton and the Democrats. Then hubris set in. His contempt for fund-raising laws and House ethics and his role in the 1995 government shutdown frightened the public enough to

make him one of the nation's most unpopular figures. His handling of the 1998 election frightened fellow Republicans enough to make them start shopping for a new speaker.

The transit of Newt Gingrich from party superstar to repudiated prophet illustrates how hard it is for a radical, polarizing figure to last in leadership. He scorned the conventional wisdom of figures as different as Richard Nixon, Lyndon Johnson and Mr. Clinton about commanding the bipartisan center. "I am a revolutionary," he crowed. The Democrats, he said, "are the genuine reactionaries. We are going to change their world."

But in Washington, he who lives by macho bluster may be undone by it. As a matter of survival, Mr. Gingrich's fellow Republicans decided to change his world and save their own. The skills that had made him brilliant in opposition and cunning in insurrection were not suited to enduring leadership. The revolution he had started claimed him.

In one sense, Mr. Gingrich may be more mourned in the White House than in the Republican caucus. He was Mr. Clinton's most reliable foil. On foreign policy issues he was often a White House ally. But the White House also knows that with his passage, much of the energy will fade from the impeachment process.

The Republicans, for their part, face a leadership struggle and a definitional crisis. From Mr. Gingrich's example, they should see the dangers of ferocious rhetoric and abandonment of the center. He was, after all, an expert in how to seize power, but a novice in holding it.

—THE NEW YORK TIMES.

Russian Hardship

With food stocks dangerously diminished by a disastrous harvest and the economy still reeling, Russia is headed into a winter of deprivation and discontent. The critical question is whether Russians will stoically endure another season of hardship, as they have so many times before, or strike out in anger against the political order.

The answer depends in part on decisions taken in Moscow and Washington in the days ahead. With President Boris Yeltsin sidelined by illness and in political eclipse, Prime Minister Yevgeny Primakov must develop a program that pulls Russia back from the abyss without abandoning democracy and economic reform. The United States must do whatever it can within reason to help Russia get through the winter and start down the long road to recovery.

Mr. Primakov is off to a shaky start. He is embracing anachronistic advisers and policies that threaten to put Russia in a state of perpetual decline.

Mr. Primakov inherited a desperate situation. The government cannot pay its bills, food imports have declined precipitously, foreign investors have fled and prices are skyrocketing while wages and pensions are stagnant. If they are paid at all.

But the economic plan Mr. Primakov recently outlined is misguided. It does little to deal with the oligarchs who control enterprises that have refused to pay taxes, and thus helped bring on the government's fiscal crisis. Instead, it seeks to prop up favored enterprises and print rubles to pay back

wages and other government obligations. The government says it wants to avoid the hyperinflation that will surely come if it prints too many rubles, but its only strategy to avoid this is to ask for Western aid.

Russia badly needs foreign investment. To get it, the country will have to do more to establish rules of law so that investors know what they are getting and to assure that the capital is put to productive use, not siphoned into foreign bank accounts.

Russia will also need to negotiate acceptable terms for restructuring the billions it already owes. If foreign companies can be persuaded to help develop Russian natural resources, and to make use of the highly educated work force, a prosperous Russia could eventually emerge.

For now, the outlook is grim. The International Monetary Fund has rightly refused to support Mr. Primakov's plan, but aid for Russia may still be necessary. After the poor harvest, the country needs food aid this winter, and the United States has promised \$625 million worth of grain, meat, milk and other goods. More should be provided if donors can assure themselves that the food will feed the needy, and not benefit the powerful.

These are perilous days in Russia's passage from tyranny to democracy. To navigate them safely, Mr. Primakov and Russia's friends in the West should not assume that the patience of the Russian people is infinite.

—THE NEW YORK TIMES.

Praise for Prague

So many governments duck and trim when the hard questions come up that it is worth saluting one that faced up to a potentially nasty challenge and is doing the right thing. We refer to the decision by the Czech Republic to accommodate an American request to provide a home for new American radio broadcasts to Iran and Iraq. These are two tough customers and one of them, Iran, promptly criticized the Czechs, yanked its ambassador and warned of trade troubles. But this much and worse — up to and including terrorism — the Czechs had anticipated, and they have not slunk away.

International radio is something special for the Czechs. Vaclav Havel has been generous in tribute to the American-sponsored Radio Free Europe for assisting his passage from dissidence under the old Communist regime to the presidency of a free country. He reciprocated handsomely by giving Radio Free Europe and its companion, Radio Liberty, permanent quarters in Prague for one crown a

year. The stations now transmit to 23 countries of the former Communist East Europe and Soviet Union.

Last year things changed. Washington asked if the Czechs also would house a Persian-language Radio Free Europe/Radio Liberty service to Iran and a separate, new Radio Free Iraq. The broadcasts to Iraq were ordered up by an impatient Congress to build opposition to Saddam Hussein, and they are openly hostile. As for Iran, the new broadcasts, which are in the Radio Free Europe/Radio Liberty style of straight news about internal conditions, have produced an angry Iranian response against the Czech Republic.

At least one other NATO country had already spurned the American request for broadcasting help before Washington turned to Prague.

The Czechs surveyed the risks and decided not to break with their tradition of respect for free and independent media. Iran is said to be turning toward moderation. Here is a useful test.

—THE WASHINGTON POST.

Central America Needs Help on a Global Scale

By Jeffrey Sachs, Felipe Larrain and Amina Tirana

CAMBRIDGE, Massachusetts — The enormity of human disaster facing Central America in the aftermath of the hurricane designated Mitch is difficult to grasp.

Whole communities in Honduras and Nicaragua were swept to their deaths by torrential waters and the collapse of hillside settlements into valleys below. The deaths cannot even be counted yet; rough estimates put them at about 10,000 out of a combined population of almost 11 million.

Much of Tegucigalpa, the Honduran capital, is without running water. Bodies are stacked outside morgues. Bridges throughout the country have been destroyed, leaving survivors cut off from emergency assistance, trapped in decimated landscapes. An estimated one million Honduran survivors, including hundreds of thousands of children, are in desperate need in both urban and rural areas. Most are homeless, without access to clean water, food or medical attention. Cholera, typhus and other infectious diseases loom.

The global community is not adequately equipped to respond to such humanitarian emergencies. Attention is short-lived, and stops soon after the faces of crying children disappear from television screens. Humanitarian aid is massively under-financed and delivered in an ad hoc manner that meets only some of the most immediate needs.

In contrast, the U.S. government and the International Monetary Fund have spent a lot of time helping panic-stricken bankers in Asia and Latin America. They gave more than \$120 billion in aid to emerging market economies. What is their capacity to address a real human disaster, one that has engulfed the United States' neighbors?

As a first step, President Bill Clinton and the U.S. Congress should pass emergency disaster relief legislation that would provide food, pontoon bridges, logistical support, medical supplies, clothing and other desperately needed supplies on an adequate scale. Legislation also should finance urgent reconstruction of key roads, electricity lines and water supply systems.

If such help is not extended at once, the disaster will be compounded by thousands of needless deaths and the continuance of civil unrest, rioting and looting by populations desperate to survive. An adequate U.S. contribution would be at least \$250 million, far more than the \$70 million announced in the immediate aftermath of the storm, before the enormity of the tragedy could be assessed.

Second, Mr. Clinton should direct the U.S. administration to work closely with Enrique Iglesias, president of the Inter-American Development Bank, which is the largest lender to the region, outpacing the World Bank, the IMF and other international agencies. The Inter-American Development Bank is the natural coordinator of the international effort, and has great technical strengths to carry out the task.

Third, the international community should understand that the ripple effect of a disaster such as this operates at various time scales, as do recovery tasks. Days are needed for the emergency provision of food, water, shelter and medical attention. Weeks are required for the emergency reconstruction of the collapsed water, road and power grids. Months are necessary to ensure that next season's crops will be

planted and harvested (up to 70 percent of the crops in Honduras were destroyed), that homes will be rebuilt and that incomes will return. Finally, it will take years to encourage new public and private investment that will rebuild Central America in ways that reduce vulnerability to future disasters.

Among other things, both Europe and the United States should immediately drop protectionist barriers on Central American exports to allow this region to earn desperately needed foreign exchange and also to encourage long-term investment in export-oriented activities.

The disaster of the hurricane is especially horrible given that Central America was steadily pulling out of a historical abyss. Decades of war, human rights abuses and rule by the sword had been announced in the 1990s. Peace and democracy had spread throughout the region.

While the countries are desperately poor — Honduras and Nicaragua have average incomes of respectively \$2 and \$1.20 per day (or \$700 and \$410 per year) — they were also cautiously optimistic that a long nightmare was drawing to a close. Stability and economic reform had created the best base in decades for long-term development. The region was successfully diversifying its exports away from traditional agriculture toward manufacturing and services.

Even before the disaster, Honduras and Nicaragua were drowning in foreign debt, a debt inherited from the war-torn 1980s and that threatened to impede the investment needed to overcome poverty. Yet their compelling

needs for debt relief were put far behind the "emergency" needs of bankers in far richer emerging markets.

Now there is a moral as well as practical case for the international community. Is the IMF smart enough and honest enough to say clearly to the desperately poor — and now homeless and breadless — people of Honduras and Nicaragua: "Don't worry about your foreign debts. We will cancel those debts, not just this month and the next, but permanently, to give you the room to rebuild your shattered lives and economy?"

The hurricane and its aftermath raise deep and long-term questions about the international system. Can we organize and finance the kind of humanitarian emergency and humanitarian relief so vitally needed in cases such as this, that considers the long-term consequences of disaster? Can we design new financial mechanisms that spread risks throughout the world's financial markets so that the impact of disaster is not borne solely by the poorest? Are natural disasters getting worse and more frequent, as it seems, perhaps because of climate change and long-term population growth, which increasingly put the most vulnerable populations in harm's way?

These questions will remain even if we are smart enough and fast enough to aid our neighbors in dire distress.

Jeffrey Sachs is director of the Harvard Institute for International Development. Felipe Larrain is director of the Central America Project at the Institute and Amina Tirana is the Central America Project manager. They contributed this comment to the International Herald Tribune.

At the Heart of Iraq's Standoff, a Clash of Perceptions

By Amin Saikal

CANBERRA — Another crisis is looming between Iraq and the United States over Baghdad's suspension of all cooperation with the United Nations inspection team in charge of eliminating Iraq's capacity to possess or produce weapons of mass destruction.

The UN Security Council has condemned the Iraqi move, and the United States has threatened military action.

But at what point would the UN inspection team be able to provide full assurance that it has successfully completed its mission, and is a military strike the answer to the problem?

A number of issues have led to the current standoff. Two stand out. The first arises from a clash of perceptions between Baghdad and its critics over what should constitute significant progress and what should be regarded as "minor" in UN inspectors' verification work.

The UN approach to inspection under Richard Butler, a former Australian diplomat, has taken a pyramid shape. The UN demands that its inspectors be allowed to ensure the elimination of Iraqi capacity, not only at the level

of weaponry, which forms the top layer of the pyramid, but also at the two lower, broader levels. These cover both the chemical and other agents that go into the weapons of mass destruction, and the materials necessary to produce the agents. Yet Saddam Hussein's regime insists that only the verified removal of Iraq's capacity at the weapons level is relevant.

Mr. Butler's refusal to accept this Iraqi approach lies at the heart of the bitter struggle between the two sides. Mr. Butler argues that without full inspection, there can be no guarantee that Iraq will not revive its weapons program in the short term. As a result, his inspection team has been unable to provide a final verification that would allow the UN to lift its eight-year regime of sanctions against Iraq.

The second issue involves differences between what is politically acceptable to the United States, and what is technically verifiable and should define the mission of the inspectors. Baghdad as-

serts that Washington is determined to use the verification dispute to create internal conditions of hardship and dissent in Iraq conducive to the overthrow of the Saddam government.

The fact is that even with the most rigorous inspection, it will be almost impossible to declare Iraq free of all its chemical and biological weapons — especially the latter, which can always be hidden in small quantities deep underground and therefore beyond the reach of any form of inspection.

This clash of perceptions and approaches has bedeviled Mr. Butler's relationship with Iraq. It ceased so much tension that in February, Baghdad demanded the end of the UN inspection and the dismissal of Mr. Butler — a demand that was swiftly rebuffed by Washington and that brought the United States and Iraq to the brink of military confrontation.

It took the personal intervention of the UN secretary-general, Kofi Annan, to defuse the situation. Under an agreement with Mr. Annan, the Iraqi leader reaffirmed his cooperation with the UN inspection, but added that he expected UN

sanctions to end sooner rather than later.

If Mr. Saddam were to repudiate the agreement, it would leave Russia, China and France — the three permanent members of the UN Security Council — refused to support a U.S. military strike against Iraq during the February crisis in a weak position. They would find it difficult this time to prevent U.S. military retaliation, if it meant that they had to go against Mr. Annan's objections.

Yet a military response is unlikely to achieve the desired end of forcing Baghdad to comply with UN rulings. Instead, it may serve to rally Iraqi public opinion around Mr. Saddam, providing him with further ammunition for galvanizing regional Arab opinion against the United States at a time when Washington is being widely blamed for Israeli intransigence in critical negotiations with the Palestinians on a Middle East peace accord.

The writer, director of the Center for Middle Eastern and Central Asian Studies at the Australian National University in Canberra, contributed this comment to the International Herald Tribune.

Scaling Down a Grand U.S. Strategy for Russian Democracy

By Stephen S. Rosenfeld

WASHINGTON — A notable casualty of the crash of the ruble and of much else in Moscow is the post-Cold War ambition of the Bush and Clinton administrations to help make Russia over as a free-market democracy — and as a partner in managing global disorder.

It is a particular kind of casualty, less a death than a wounding, and a wounding of uncertain gravity. U.S. policy has backed off the grand approach, but it remains engaged in specific projects with the Russians. Washington is reluctant to offer any word or deed suggesting anything resembling the recommitment of a Moscow regime.

The Clinton team never sat down and decided formally that a more modest approach was now appropriate, or unavoidable. Rather, it has been

in the position of adjusting to Russian circumstances measurably less malleable than before the ruble crashed. It has had to step back and come to grips as best it can with a new Russian high command of blurred competence and purpose.

Over the past few months the U.S. administration has been assembling a response to three simultaneous, unforeseen and, in the official view, unearned and entirely unfair Russian miseries: collapse of the world price of its crucial commodity exports, infection of its would-be foreign investors by the Asian flu and collapse of its currency and its banking system.

American officials close to President Bill Clinton's early attempt to use the International

Monetary Fund as a lever for reform rebuff the charge by Russian and American critics that the administration jumped in without a careful plan and was inattentive to implementation. By their own account, they saw risk but also opportunity, and hurried themselves into it.

They tend to acknowledge some underestimation of how Russia's size and cultural drag would burden modernization in a country that has seen modernization campaigns for three centuries, up and down. It was always going to be hard in a country weak in the rule of law to guide Moscow's domestic choices. Still, the officials feel that had luck, as the drop of world oil prices, dealt the really savage blows.

Now, under the fading presidency of Boris Yeltsin and the groping new government of Prime Minister Yevgeny Primakov, Russia is credited at least with preserving the forms of its novel political democracy. But it is visibly and disturbingly backing off market reform.

The turn has harsh implications, and first of all for Russia. The economy may get worse. An economic meltdown risks a political meltdown. Russia's retrograde economic policies make IMF budgetary support ever more difficult. Still, these contingencies are not fated to ripen into terminal crisis, in the administration's judgment.

In the current passage, the United States must remain engaged with Russia — for instance, in cooperation to nuclear threat reduction, food relief, promotion of energy deals and encouragement of contacts supporting a civil society in an emerging democracy. The Al Gore-Viktor Chernomyrdin channel, a structure meant to add political heft to bureaucratic dealings, remains

available, if not at the moment particularly active.

The prevailing U.S. effort is not to let disenchantment deflect Washington from formulating a credible view of where Russia is going and how the United States might help. It is considered the better part of realism to put a broad approach to the building of democracy and a free market indefinitely on the shelf. Russians are being advised that they must make their own choices. In Washington there are unenthusiastic calls for Russian generational change, and no calls at all for the formation of an American grand strategy.

What administration could fail to be disappointed by the frustration of what was, after all, its signature foreign policy initiative: to bring Russia into the charmed circle of the free world as a successful convert and a reliable companion? A retrenchment in perception and policy was inevitable. But we Americans are defined by our aspirations as well as our achievements, and this one is not over yet.

The Washington Post.

Seeking Republican Leadership

By Matt Salmon

TEMPE, Arizona — Two numbers symbolize why we Americans need a new speaker of the House in 1999: 8 dollars and 20 billion dollars. The first is the per-person annual tax cut passed this year; the second is the amount of money raided from the budget surplus to pay for so-called emergency spending.

For these reasons, Newt Gingrich was right to step aside and allow new leadership in the House of Representatives for the 106th Congress.

This year we became the Seinfeld Congress, a Congress about nothing. We failed to put forth a clear agenda for America, instead opting to run out the clock. It seems that we were convinced that history guaranteed additions to our majority; the party out of the White House almost always makes large congressional gains in a midterm election.

So we spent a good portion of the year naming roads, bridges and post offices. While President Bill Clinton was building a bridge to the 21st century, the Republican Congress was busy naming it. And we spent more time trying to make Puerto Rico a state than we did discussing tax relief, fighting crime or reducing the size of the government.

Moreover, Republicans have lost their ability to negotiate with the president. Granted, Bill Clinton is a very skillful politician. But for the past three years, we have repeatedly been out-negotiated by the president, and the situation has been getting progressively worse, culminating in this year's omnibus spending package — a legislative monstrosity if there ever was one.

This final act of the 105th Congress utterly demoralized the voters who are our political base, and they decided to sit out on Election Day. After all, they sent us to Washington to reduce the size of the government, not to increase it.

With the announcements that Bob Livingston of Louisiana, the chairman of the Appropriations Committee, will run for speaker and that Steve Largent of Oklahoma will run to replace Dick Army of Texas as majority leader, we see the bright promise of a rejuvenated Republican majority. With the speaker's decision to step aside, others may now join them in these races. This is a sign of health in the party.

Representative Matt Salmon, Republican of Arizona, contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Dueling Parties

BUDAPEST — In the sitting of the Diet held to-day [Nov. 8] the Opposition recommenced its obstruction tactics. It tried, as on former occasions, to get a secret session held to discuss the accusation against Baron Banffy of having influenced a judge to an election matter. Baron Banffy denied having done so in the most categorical manner. The discussion of this question led to a violent altercation between M. Gazzi, a member of the majority, and Count Alexander Karolyi, a member of the Opposition. A challenge to a duel has been sent.

1923: Hitler's Goal

MUNICH — Herr Hitler achieved the goal of five years' ambition to-night [Nov. 8] by declaring an All-German dictatorship, with General Count von Ludendorff as Dictator and

Commander-in-Chief of the Reichswehr and himself as his political advisor. Herr Hitler declared: "The days have come for which we have waited patiently five years. There is much work to be done — perhaps much dangerous work — but we will conquer the enemies of Germany in the end. We will make Germany once more a proud and solid Empire, which it was always our destiny to be."

1948: Gandhi's Killer

NEW DELHI — N. V. Godse, a Hindu, confessed that he killed Mohandas K. Gandhi and asked the court trying him to pronounce the maximum sentence. "I desire no mercy to be shown to me nor that any one beg for mercy on my behalf," Godse told the court. Godse, after reading for almost an hour from his ninety-three-page statement confessing the murder, slumped in the dock.

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INTERNATIONAL

A Precedent in Kosovo?

NATO Is Split on Authority to Use Force

By William Drozdzak
Washington Post Service

BERLIN — The Kosovo crisis has exposed serious differences between the United States and its European allies over whether NATO has the legal authority to take military action outside its territory without the explicit approval of the United Nations.

The debate is expected to sharpen in the weeks to come as the Western military alliance explores a new strategic concept that will guide its approach to security concerns in the 21st century.

The escalation of NATO's peacekeeping duties in the Balkans and its role in the world's most powerful military alliance is shaping that new agenda.

The debate over the scope of NATO's authority was kindled by its decision last month to conduct air strikes against Yugoslavia if its security forces did not withdraw from Kosovo Province, where they have been battling an insurgency by ethnic Albanians.

The Yugoslav president, Slobodan Milosevic, agreed to a pullout. But before that last-minute accord, NATO ambassadors decided to pass authority for carrying out the air strikes to NATO's chief military commander, and that decision is now recognized as a crucial turning point for the alliance.

"We realize we are pushing the envelope and making up history as we go along," said Richard Holbrooke, the U.S. special envoy who brokered the Kosovo settlement with Mr. Milosevic.

"But NATO has now shown it is willing to take military action in areas where it was not involved before, and that it does not have to seek explicit authority from the United Nations Security Council to do so."

Some European allies, such as France, Italy and Germany, insist that UN authority remains essential for future NATO operations outside the territory of its members. They contend that Kosovo was an exception because of a potential humanitarian disaster posed by tens of thousands of refugees.

"We set great store by the principle that force—if it is needed as a last resort—requires a mandate from the United Nations and in international law," said the German foreign minister, Joschka Fischer.

But Mr. Holbrooke, whom President Bill Clinton has nominated as U.S. chief delegate to the United Nations, contends that constantly deferring to the Security Council would give the United Nations "a monopoly on the use of force and allow the worst tyrants in the world a free hand to oppress their people."

The controversy is expected to gather momentum this week when the North Atlantic Assembly, a forum of NATO legislators, gathers in Edinburgh, Scotland, to discuss NATO's new security role.

A report released Friday by Senator William Roth Jr., Republican of Delaware, the assembly's president, contends that NATO "must preserve its freedom to act" and not allow the Security Council to circumscribe its actions or areas of involvement.

The report also emphasizes that the alliance should not be hamstrung by "artificial geographic limits" when dealing with the proliferation of weapons of mass destruction, terrorism and other modern security challenges beyond its borders.

The fear among some European allies about NATO's expanding role outside the alliance reflects an abiding anxiety about the instability of the post-Cold War world. The threats of ethnic separatism and resurgent nationalism have emerged as a major worry facing many NATO states, such as Canada, Turkey, France, Italy and Spain.



A member of the Kosovo Liberation Army guarding a checkpoint near the village of Obrinje, about 30 kilometers west of Pristina.

Pinochet, 'Hurt,' Denounces Arrest

Ex-Chilean Dictator Vows to Fight Any Attempt to Extradite Him

By Warren Hoge
New York Times Service

LONDON — General Augusto Pinochet said Sunday that he was "hurt and bewildered" by his arrest in London, and he vowed to fight "with all my spirit" attempts to extradite him to Spain to stand trial.

In a statement issued Sunday morning from the private clinic where he is recovering from back surgery, the 62-year-old former dictator said: "A show trial in Spain, a foreign land, is not justice. It is certainly not British justice."

General Pinochet was taken into custody Oct. 16 in a surprise arrest by British police acting on an extradition request from a Spanish judge, Baltasar Garzon, who is investigating atrocities committed during the "dirty wars" in Latin America in the 1970s and '80s.

Judge Garzon wants to bring charges of genocide, torture and terrorism against the general in the loss of more than 3,000 lives in Chile and abroad.

On Oct. 28, the High Court in London ruled that General Pinochet had immunity from arrest and prosecution because he was a former head of state, but it ordered him to remain here under police guard while an appeal of that decision was argued.

That appeal is now before the law lords of the House of Lords, England's highest court, and a third day of arguments is scheduled Monday, with a final decision on the general's liberty to leave Britain expected later in the week.

In the statement Sunday, the first word from General Pinochet since the episode began, he said that he was lying in his hospital bed when his wife told him of his arrest.

"She was in tears as she tried to speak," he said. "I was hurt and bewildered."

He said the peaceful future of countries that had experienced internal conflict lay in "reconciliation," and he said that "to Chile as elsewhere, reconciliation is the enemy of reconciliation."

He cited Spain, South Africa and Northern Ireland as positive examples where "wide decisions have been made not to revisit the past."

"The opening up of old wounds, bringing back into debate issues where the true facts have long since been forgotten, serves no purpose," he added.

In that connection, General Pinochet said that reports of what took place in his own country had been "a travesty of the truth" and that, as a result, he had become victimized by "spurious attempts by foreign prosecutors to convict me on unproven charges."

He said he was heartened by the support of the Chilean government but made no mention of the divided sentiments among the people of Chile over his fate.

"My fellow citizens have come to terms with our nation's past," he said. "They are my true judges. That is why I shall fight this extradition request with all my spirit, supported by the president and government of my country. And God willing, I shall return home to Chile with my family where I hope to live the last years of my life in peace."

He gave a version of Chile's recent history and his role in it at odds with that of his opponents who accuse him of a bloody overthrow of a democratically elected government and a systematic campaign of torture, kidnapping and murdering to keep himself in power. In 1973 under President Salvador Allende, he said, he took over the country because it was "crippled" by government chaos and a Soviet-style insurrection was being planned.

"I have lived with my conscience and my own memories for over a quarter of a century since the events of 1973," the general said. "I wish things could have been different. I wish Allende had left of his own accord with the guarantees of safety I offered to him. In the end he chose not to take this course. Instead he chose suicide."

He said, "I am clear in my mind that the return to Chile of true democracy, and from that the true freedom to which all individual people are entitled could not have been achieved without the removal of the Marxist government."

He conceded that many freedoms were lost "for a brief period during the early 1970s. Yes, it took time to bring them back. But I regard it as my greatest achievement that these freedoms did indeed return."

He said he was dismayed with Britain, a country he has always expressed fondness for and that he supported in the 1982 Falklands war with Argentina.

"I am saddened that the experience of my arrest has shaken my belief in Britain. Previously, I never doubted that Britain was a country where people may move about freely."

The British government has said that the Pinochet case is a judicial one between magistrates in two European countries and that it therefore cannot act on requests from people like Margaret Thatcher to free the general and let him return home. General Pinochet had tea in Lady Thatcher's Belgrave home shortly before his arrest.

Anonimously seeking a reversal of the High Court order argued last week that crimes against humanity historically were never protected by sovereign immunity and that some of the charges against General Pinochet date to a period in which he was not the head of state of Chile.

On Monday, the five law lords will hear a lawyer representing Amnesty International and other groups representing victims of the Chilean coup followed by lawyers who will argue for upholding the finding of the High Court and letting General Pinochet return home.

Ruin Brought On by Mud

Economies, Not Just Lives, Are Devastated

By Molly Moore
Washington Post Service

ROLANDO RODRIGUEZ, Nicaragua — Of all the catastrophic destruction and the deaths — now estimated to be as high as 10,000 — caused by the tropical storm that roared over Central America for five days, the freak mud slide down the sides of a dormant volcano that destroyed this village provides a dramatic window into not only the tragic losses of individual families but also the economic and social struggles now facing one of Latin America's most impoverished regions.

The mud slide on Oct. 30 all but obliterated the village of Rolando Rodriguez as well as the town of El Porvenir on the next hilltop, humble farming communities of an estimated 3,000 people.

A deep crevice carved by the force of the mud flow separated Mariana Centeno Gonzalez and her husband, Alonzo Rueda, both 32, from dozens of terrified survivors in Rolando Rodriguez, including children who had climbed trees and men, women and children who had sunk to their chests and necks in mud.

The couple could not reach the children in the trees, but tossed a rope to other survivors, struggling to haul them out of the muck, one by one.

By nightfall, 40 injured people were sprawled on the dirt floor of their small home. Many more who were out of reach of the rope lifeline could be heard moaning for help. For three days, Mrs. Centeno and her husband tended to their broken bones and bloody lacerations.

"They ripped every spare piece of clothing in the thicker house into strips for bandages. When they ran out of food, they sliced up the carcass of a cow that had washed into their yard. And still, they could hear the desperate wails of the children in the trees."

Four of the people pulled from the mud died in their home. And then, the unthinkable: Continuing rains sent another swell of mud rushing down the shoulder of the volcano, sweeping away the trees and the crying children clinging to them. The next day a rescue helicopter arrived.

Five houses, including Mrs. Centeno's, remain in Rolando Rodriguez; only one house was not destroyed in El Porvenir. The once lush green fields of corn, wheat and soybeans had been turned into a vast sea of mud and debris in a matter of minutes.

Mrs. Centeno and her husband — and millions of people across Central America — are uncertain how they will persevere. They have lost not only families and villages and life as they once knew it, but livelihoods in regions where survival has never been easy.

International organizations as well as Central American leaders describe the effects of the storm in nothing short of apocalyptic terms. Brian Arwood, director of the U.S. Agency for International Development, said the storm wiped out 25 years of investment in the storm-wiped out 25 years of investment in Central America's infrastructure. Honduran officials said the disaster had set the country back 30 years. Some Honduran officials, however, contend that the death toll of more than 6,000 cited by President Carlos Flores Facusse could well be too high and is unsubstantiated.

"In economic terms, this is the worst natural disaster in the history of Central America," said Mark Cackler of the World Bank's Central America division.

Carlos Langran, a senior official in the Nicaraguan Ministry of Social Action, said: "If anyone could think of a plan to destroy Nicaragua, there could be no better plan than this. This phenomenon changed the geography of Nicaragua. It is just like we are in a postwar situation."

In fact, the three hardest hit countries, Honduras, Nicaragua and Guatemala, had only recently begun to recover from the debilitating effects of years of civil war.

The Honduran government and justice minister, Delmer Urbizo Panting, said: "The damage is so great that there is no way to quantify it right now. There is still an economy here now, but it is a crisis economy, an emergency economy."

"This is going to be a whole new country when it is rebuilt," he said.

President Flores estimated that about 70 percent of the agricultural output of Honduras had been decimated, including the near-destruction of coffee crops and of shrimp farms that were part of the country's thriving shrimp export sector.

Honduran officials said that 60 percent of the country's infrastructure had been ripped apart, making the country almost impassable by road. Officials said repairs could total \$2 billion.

Nicaraguan officials said that nearly half the country had been cut off because of washed-out highways and bridges and that nearly 300 schools had been destroyed or damaged so badly that they could not be used.

In addition, Nicaraguan officials estimate more than one-third of the country's agricultural crops have been destroyed.

In both countries, an estimated 2 million people have been left homeless, in many cases with their entire villages swept away.

BRIEFLY

Portuguese Reject More Government

LISBON — Portuguese voters rebuffed the governing Socialists on Sunday by rejecting a referendum on creating a new tier of local government.

Government ministers conceded defeat after exit polls showed opposition by about 60 percent of the electorate.

"It was rejected by the will of the electorate," the planning and public works minister, Joao Cravinho, told the state television channel RTP.

According to a poll run by RTP, 60 percent to 65 percent of the electorate voted down the plan to set up eight regional authorities with some autonomous powers over how central government funds should be spent in their areas.

Radical Palestinians Resist Charter Change

DAMASCUS — Leaders of radical Palestinian groups renewed their opposition Sunday to removing articles in the Palestinian Charter that deny Israel's right to exist, and the radicals also called for the election of a new Parliament.

The leaders of the 10 radical groups said they would boycott any meetings by the Palestinian Authority to change the charter, a central requirement of a new peace accord signed by the Palestinian leader, Yasser Arafat, and Prime Minister Benjamin Netanyahu of Israel last month.

New Caledonia Votes

NOUMEA, New Caledonia — New Caledonians have voted by a wide margin to put their nickel-rich Pacific island on the road to autonomy from France, officials in the capital, Noumea, and in the French capital, Paris, announced Sunday.

According to unofficial final results, the approval vote was 71.9 percent, with 28.1 percent opposed. More than 74 percent of the territory's 106,000 registered voters participated.

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INTERNATIONAL

Caspian Pipeline Tug-of-War: Washington Favors Geopolitics Over Economics

By Stephen Kinzer
New York Times Service

BAKU, Azerbaijan — Soon after dawn each day, the promenade that runs along the shore of the Caspian Sea fills with Americans and other expatriates out for a morning run.

Many of them are Texas oilmen, and after dark they congregate at Margaritaville, a Tex-Mex restaurant that features mimosas, enchiladas and refried beans. Gas executives from Louisiana prefer the jambalaya and gumbo at another favorite haunt, the Ragin' Cajun. Later, some join the newly rich Azerbaijanis who pack glittery local discos.

Once a distant and sleepy outpost of the Soviet Union, Baku is a boomtown where the scent of big money hangs in

the air. Huge amounts of oil and gas are believed to lie beneath the Caspian, and three new nations that share its shoreline — Azerbaijan, Kazakhstan and Turkmenistan — stand to reap billions of dollars from what looks like the century's last big bonanza.

Because the Caspian region is landlocked, however, pipelines must be built to carry its oil to world markets. Oil companies are soon to announce which route they prefer for their main export pipeline from Baku.

Many nations, including the United States, believe the decision will have profound economic and geopolitical consequences, and are lobbying intensely for their favored routes.

At stake is far more than the fate of the complex Caspian region itself. Rivalries

As oil companies prepare to make a decision, Washington is making a final effort to persuade them that they should build a pipeline across Georgia and Turkey.

being played out here will have a decisive impact on shaping the post-Communist world, and in determining how much influence the United States will have over its development.

"This is about America's energy security, which depends on diversifying our sources of oil and gas worldwide," said Energy Secretary Bill Richardson, who has put Caspian issues among his key priorities. "It's also about preventing strategic inroads by those who don't share our values."

"We're trying to move these newly independent countries toward the West," Mr. Richardson added. "We would like to see them reliant on Western commercial and political interests rather than going another way. We've made a substantial political investment in the Caspian, and it's very important to us that both the pipeline map and the politics come out right."

The administration of President Bill Clinton is making a final effort to persuade oil companies that they should

build their pipeline across Georgia and Turkey, a route that would promote U.S. interests in the region.

Russia and Iran are pushing routes of their own, and urging the companies not to commit themselves to the U.S.-backed one.

Oil executives must weigh pressure from Washington against a backdrop of low oil prices and the worldwide economic downturn. In this climate they are reluctant to commit themselves to multi-billion-dollar investments — especially, perhaps, the U.S.-backed proposal, which oil companies estimate will cost \$4 billion. This is roughly double the estimate for the other plans, which involve shorter distances.

Azerbaijan has already lived through one oil boom. It reached its peak a cen-

tury ago, led by pioneers with names like Nobel, Rothschild and Rockefeller.

For most of this century, only two states bordered on the Caspian Sea: the Soviet Union and Iran. Both had vast energy reserves in other places, and neither paid much attention to those under and around the Caspian.

In the early 1990s, however, the political geography of the region changed radically. Azerbaijan, Kazakhstan and Turkmenistan emerged from the debris of the Soviet Union. All three have come to realize that they control enough oil and gas to make them fabulously rich.

Hoping to share in that wealth, energy companies from nearly 40 nations have descended on the Caspian. William Courtney, a senior State Department official and former ambassador to Kazakhstan and Georgia, has estimated that by 2010, foreign firms will invest as much as \$50 billion in Caspian oil fields alone, not counting the billions they will spend to develop gas fields and build pipelines.

"It's not often that the whole region like this becomes available," said Igor Efimov, who directs Pennzoil's operation here.

"Let's guess that the market price for oil stays where it is now, about \$15 a barrel," Mr. Efimov said. "Subtract about \$5 a barrel for operating costs, transportation and taxes," he added. "What you're left with, the amount of money that is going to hit this country could easily be \$50 billion to \$100 billion or more. You and I will both be dead by the time all that money finishes flowing in, but it is just a mind-boggling number."

Before anyone can begin making these fortunes from Caspian oil, however, a decision must be made about where to lay the main export pipeline.

Under a 1994 contract between Azerbaijan and 11 foreign oil companies — among them Pennzoil, Exxon and Amoco — the companies will recommend rather than dictate a pipeline location to the Azerbaijani government. But since they will pay for whatever pipeline is built, their recommendation carries great weight.

The Clinton administration is fervently promoting a route that runs from Baku through Georgia and Turkey to the Mediterranean. At a port near the Turkish town of Ceyhan, the oil would be loaded onto tankers for shipment to European markets.

This Baku-Ceyhan route fulfills every U.S. condition. It passes through only countries friendly to the United States — Azerbaijan, Georgia and Turkey — and avoids both Russia and Iran. It would also pull the Caspian region away from Russia's shadow and toward the West.

Leaders of Caspian nations met in Turkey on Oct. 29 and signed a declaration favoring the U.S.-backed route. But they did not offer any financial support to help build the \$4-billion pipeline.

The Clinton administration has told oil companies that for political reasons it cannot give them large subsidies to build the Baku-Ceyhan pipeline. Instead it is pressing Turkey to do so. Turkish leaders are reportedly open to the idea because they badly want the pipeline, but have not yet produced a package of incentives.

Mr. Clinton's special envoy to the Caspian countries, Richard Morningstar, is working to persuade Turkey to improve its offer, and says he believes Turkish officials are responding.

For half the estimated cost of the Baku-Ceyhan pipeline, however, oil companies might build a line either southward through Iran to the Gulf or northward to the Russian port of Novorossiysk on the Black Sea. A route to Georgia's Black Sea port of Supsa is shorter and would be even cheaper.

"Pipelines are supposed to be built for commercial reasons, not political reasons," said Robert Ebel, an energy specialist at the Center for Strategic and International Studies in Washington. "The plan to build through Turkey emerged as a way to help Turkey, and because our government doesn't want a pipeline through Iran. But that doesn't put the project on a paying basis."

This attitude, which is widespread in the oil business, drives some U.S. officials to distraction. They are deeply convinced that building a pipeline from Baku to Ceyhan is vital to the United States' long-term security.

Richard Matzke, the president of Chevron Overseas Petroleum, said the Baku-Ceyhan option favored by the United States "probably isn't the most rational solution at the moment," and other oil executives agree. As a result, some administration officials have privately concluded that the Baku-Ceyhan line is not going to be built in the next few years. They believe the oil companies are preparing to announce that they will build a line only as far as Georgia, leaving open the possibility of a future extension to Ceyhan.

The Clinton administration is preparing to portray the decision for Georgia as a victory, on the grounds that the pipeline will be built along an "east-west axis" rather than north through Russia or south through Iran. Deputy Secretary of State Strobe Talbott said recently that "an obituary for the Baku-Ceyhan pipeline is at least premature and, we believe, wrong and inaccurate."

If oil companies announce that they will only build a pipeline as far as Georgia's Black Sea coast, they must decide what to do with the oil once it reaches there. The only maritime route out of the Black Sea is through the Bosphorus, which runs through the center of Istanbul and is already so crowded that the Turkish government has announced plans to limit its ship traffic.

Officials in Bulgaria, Romania and Ukraine say they have the ideal alternative. They want to receive Caspian oil at ports on the western shore of the Black Sea, and then send it to European markets on barges or through existing pipelines. But U.S. officials scoff at these proposals. "We don't see them as practical and we don't see who would finance them," said a White House aide. "Baku-Ceyhan is the way to go."

Blair Is Said To Tap Patten For EU Post

By Tom Buerkle
International Herald Tribune

LONDON — In a move that could bolster British efforts to join the euro and embarrass the opposition Conservative Party, Prime Minister Tony Blair was reported Sunday to be seeking to appoint Chris Patten to a seat on the European Union's executive commission.

A spokesman for Mr. Blair insisted Sunday that no decision had been made, but the Conservatives made no attempt to play down a report in *The Sunday Times* that claimed Mr. Patten was the prime minister's first choice.

"Clearly Mr. Patten is a very senior and experienced figure in British politics, and would doubtless do a good job," a spokesman for the Conservative Party said. The report appeared one day after government sources confirmed that the Conservative Party leader, William Hague, had recommended a relatively obscure party figure, the former parliamentary whip Alastair Goodlad, for the commission post.

By contrast, Mr. Patten has an international profile, having served as Britain's last governor in Hong Kong. He is also a long-time advocate of an active British role in the EU, a stance that puts him out of step with the deep Euroskepticism of Mr. Hague and most Conservative members of Parliament.

The Labour government appeared to take a more decisive tilt toward the euro in the past week after Peter Mandelson, the trade and industry minister, said it was only a question of when Britain would enter, not if. The Labour Party has been gearing its policy toward putting adoption of the common currency to a referendum sometime around 2002.

A poll in the *Express* on Sunday found that 86 percent of respondents regarded Britain's entry as inevitable.

The EU position will come open when Sir Leon Brittan leaves at the end of his third term at the commission at the end of 1999. Mr. Blair has appointed a number of moderate Conservatives to government positions including Mr. Patten, who currently is leading a government commission on policing in Northern Ireland.



A cooking-gas vendor waiting on customers Sunday at his spot outside Unscm headquarters in Baghdad.

IRAQ: Viewing Cooperation as Over, U.S. Prepares to Abandon Arms Inspections Regime

Continued from Page 1

is likely to be a few weeks away, giving U.S. officials time to convince the world that Washington is not eager for blood and that Mr. Saddam has had every opportunity to avoid a strike.

But these officials agree that the use of force is more likely now and that one aim will be to undermine Mr. Saddam's hold on power.

They also agree that one likely consequence of using force is the expulsion of the UN inspectors, known as Unscm, and the end of an extraordinary seven-year effort to disarm Iraq by inspection.

"Our goal is to maintain the unity of the Security Council and contain Iraq, keeping the elements of containment" that reduce Mr. Saddam's ability to threaten his neighbors and the world, "namely Unscm and sanc-

tions," an American official said. "But nobody is seeking to preserve a useless Unscm, and Unscm cannot work without Iraqi cooperation, which has not been forthcoming, despite every promise," the official said.

Some regional experts urge that the inspections be maintained. Edward Djerejian, a former ambassador to Syria and Israel, said: "It is critical that Unscm keep its operations in Iraq" because Mr. Saddam wants weapons of mass destruction. Mr. Djerejian said, "The integrity of the inspection regime must be maintained, because it has been effective."

But U.S. officials argue that inspections have not been effective in discovering Iraq's chemical and biological secrets and that their integrity cannot be preserved without Iraqi cooperation.

If force is used, the officials say, the stated justification will be to support UN

resolutions and to reduce Iraq's ability to make or use weapons of mass destruction. The stated aim will not be to eliminate those weapons, since they cannot be eliminated with air power. Nor will the stated aim be to drive Mr. Saddam from power because that, too, cannot be guaranteed from the air.

But force will also be used "against the sources of his regime," a senior official said. Translated, that means an effort to weaken Mr. Saddam's grip on power and promote his fall.

Possible targets would include Mr. Saddam's ethnic base in Tikrit, his Revolutionary Guards, his Interior Ministry and secret police, his weaponry, his palaces and communications.

Still, officials say the Pentagon remains reluctant to use force and that Arab allies are concerned the real victims of violence will be the Iraqi people, already suffering from sanctions.

Clinton Seeks A Solution to Iraqi Impasse

Reuters

WASHINGTON — President Bill Clinton was meeting with his national security advisers Sunday, seeking a conclusive solution to the confrontation with Iraq over its weapons of mass destruction.

U.S. officials say they want to end the standoff by using diplomatic pressure on President Saddam Hussein, although military action also is being considered.

Secretary of State Madeleine Albright, Defense Secretary William Cohen, Samuel Berger, the national security adviser, and George Tenet, the CIA director, were meeting with Mr. Clinton at his country retreat at Camp David in Maryland.

The president was not expected to make any final decision at the meeting on whether to use force.

Also Sunday, the secretary-general of the United Nations, Kofi Annan, called on Iraq to heed Security Council demands that it retract its decision to end cooperation with weapons inspectors.

"The rupture with the United Nations is a flagrant violation," he said.

But after the United States held off using force against Iraq last November, and in February and August, an official said, "It's just that much harder to hold off again, because the president looks weak, and American credibility is on the line, not just the UN's credibility."

"The last time the United States threatened force, in February, President Bill Clinton spoke apocalyptically about the dangers of Iraqi nuclear, chemical and biological weapons, and said the United States would go to war to protect the inspectors' 'full and unfettered access' to any sites in Iraq."

The serious threat Mr. Saddam poses was overblown in the effort to sell the possible attack, some senior U.S. officials now say.

Defense Secretary William Cohen appeared on television brandishing a bag of sugar in an effort to describe how small a dose of biological and chemical weapons it would take to threaten Americans, but his own chairman of the Joint Chiefs of Staff, General Henry Shelton, expressed serious reservations about the ability of the Pentagon to destroy such easily hidden and reconstituted weapons from the air.

The confrontation was defused, but not ended, when the UN secretary-general, Kofi Annan, went to Baghdad and used the imminent threat of force by the United States and Britain to obtain a promise from Mr. Saddam that Unscm would have the access it needed.

Given all the policy confusion, U.S. and British officials were relieved, but hardly pleased. They expected another round of Iraqi defiance, and held a thorough policy review, with its conclusions being put into practice now.

The first conclusion was to try to prevent Mr. Saddam from dictating the game and manipulating Washington through Unscm. By trying to avoid confrontation on Mr. Saddam's terms and to keep the Security Council unified, the United States urged Unscm and its chairman, Richard Butler, to avoid unnecessary confrontations with Iraq that would allow Mr. Saddam to put the blame on Unscm, rather than letting the United States and Britain to put the blame on the Iraqi leader, where it presumably belongs.

KOSOVO: Refugees Return, Warily, to Find Many Homes Ruined

Continued from Page 1

ing in the hills have moved indoors.

Fear of the well-armed Serbian policemen camped in their villages, even in their homes, had been the ultimate deterrent to returning home. Now that the refugees are out of the hills, many are doubling up with friends and neighbors.

Some are sleeping in their cars. Others have found a room or two still intact at home, and a few lucky ones have found relatively little damage.

The catastrophe depicted by U.S. officials — of refugees dying in the snow in the mountains — appears to have been averted.

But many of the 250,000 refugees that the UN High Commissioner for Refugees estimates were milling around Kosovo during the height of the fighting still lack proper shelter.

And many say they still feel skittish about their security.

About 10,000 Serbian special police officers remain in Kosovo, the number that NATO officials said they and Mr. Milosevic had agreed was the number before the fighting began last March.

These officers, according to an agreement signed by Mr. Milosevic and the NATO supreme commander, General Wesley Clark of the United States, on Oct. 25, are allowed to man 27 "observation posts" in designated areas.

But there seems to be enough maneuvering around the edges of the agreement to crimp the confidence of the refugees that they will be safe at home.

The office of the UN High Commissioner for Refugees has reported, for example, that the Serbian police were using an earthmover to dig what appeared to be a new post at Orla, near Malisevo. The agency said the arrival of truckloads of police officers at Cernyljan, near Djakovica, had caused newly returned refugees to flee again.

Reports filed by the Kosovo Diplomatic Observer Mission, which consists of officials from the United States, Western Europe and Russia, say the Serbian police are continuing patrols intended to harass returning refugees.

Over the weekend, on the border with Montenegro, Serbia's sole partner in the Yugoslav Federation, 11 ethnic Albanians returning to their homes in Kosovo

were taken off a bus; they are still being held by the Serbian police in Pec, observers said.

What should be the more solvable problem of making damaged homes livable for winter is also difficult.

"We're talking about 20,000 houses that need to be rebuilt," said Margaret O'Keefe, the director of the UN refugee agency in Serbia. "Even if houses look O.K. from the outside, you go inside and you find the walls are crumbling."

Rain and mud made for miserable conditions as returning refugees tried to clean up gutted houses and drain damaged wells.

Mrs. Milaku, 40, and her husband, Ibrahim, 45, seemed at a loss where to start. Not a room in their home of 16 years was habitable.

Rain poured through windows where the glass had melted from the fire that burned in rooms filled with furniture and appliances.

"We've collected some cooking pots, some wire and a few things," Mr. Milaku said as he pointed to a pile of belongings. "There isn't much that is useful that they didn't ruin."

Bangladesh Court Sentences 15 to Die

Compiled by Our Staff From Dispatches

DHAKA, Bangladesh — A Bangladeshi court sentenced 15 former army officers to death by firing squad Sunday for killing the country's first prime minister in a 1975 coup, court officials said.

Four others, including a former junior minister for information, were acquitted in the killing of Sheikh Mujibur Rahman, father of the current prime minister, Sheikh Hasina Wazed.

After taking office in 1996, Sheikh Hasina used her power to bring her father's killers to trial, saying that ensuring justice would help enrich democracy in this volatile country.

Judge Kazi Golam Rasul announced the verdict in a trial that started in July 1997. "They deserve no mercy," the judge said while reading out his 171-page judgment to a packed court in Dhaka.

The judge ordered the sentences carried out in public. (AP, Reuters)

SPACE: Glenn's Flight Gives NASA Good Publicity

Continued from Page 1

walking very spraddle-legged so you can keep your balance."

Mr. Glenn was still being careful Sunday not to turn his head, in order to avoid dizziness. He described it as being "alligator headed." Otherwise, he looked and sounded fit.

He became a hero in 1962, when he was the first American to orbit the Earth, in a solo flight. The landing Saturday, with the senator and six others aboard, marked the end of a sentimental journey back to the glory days of the space race and a remarkable springboard into the future and NASA's ambitious desire to someday send human beings to Mars.

During Discovery's Oct. 29 liftoff from the Kennedy Space Center as many as 250,000 people lined Florida beaches and roads. The mission made front pages around the world. Politicians clamored to chat with the astronauts in space. At mission control Saturday in the Johnson Space Center in Houston, dozens of NASA employees joined tourists in an auditorium before large screen televisions to watch the shuttle glide to a landing at Cape Canaveral. The scene was repeated at dozens of locales, including retirement homes, across the United States.

"There's been such public attention to the thing that it's just electrified even the employees in the process, and the kids," said Brian Huysman, 45, an 18-year NASA employee. "You feel all those old feelings you used to feel in the past years of the program." (Reuters, AP)

■ 'One-G and I Feel Fine'

Mireya Navarro of *The New York Times* reported earlier from Cape Canaveral, Florida:

After Discovery returned safely to the Kennedy Space Center, Mr. Glenn reassured Mission Control that he felt as good on Earth as he had in space.

"I'm going to reprise a statement that I made a long, long time ago," he said on landing, "except this time it is, 'One-G and I feel fine.'"

Discovery and this crew took us around and around, and that view is still tremendous. In 1962, Mr. Glenn's first words from orbit were, "Zero-G and I feel fine," adding, "Oh, that view is tremendous."

Heralded by two sonic booms, the shuttle appeared in sunny skies over the east coast of Florida and touched down at 12:04 P.M. Saturday in what a Mission Control commentator in Houston called "a beautiful landing."

Mr. Glenn, who served both as subject of



Chiaki Mukai and John Glenn on Sunday. The crewmates spent nine days in space.

geriatric research and part-time scientist, faces still more medical testing in the coming weeks. He was poked and prodded during the mission to measure similarities between what happens to astronauts in space and bodily changes occurring with age, like loss of bone and muscle mass, greater susceptibility to infection and sleep difficulties. The experiments required him to provide 10 blood samples and 16 urine samples in space.

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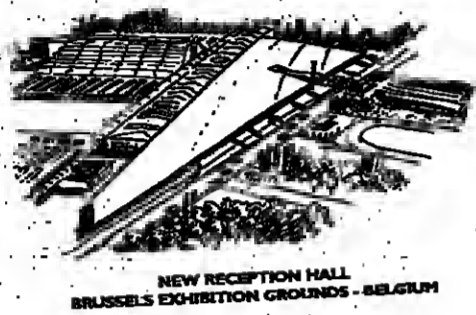
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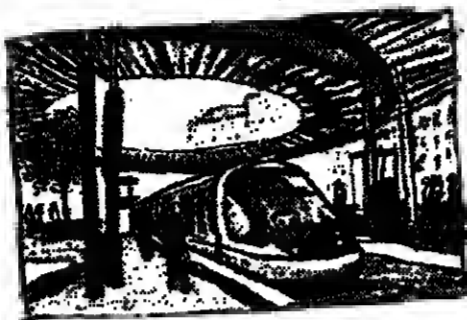
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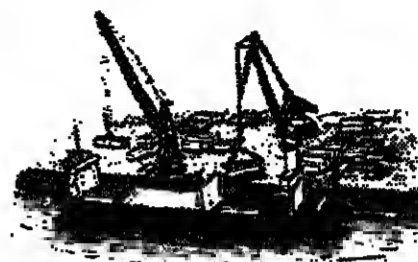
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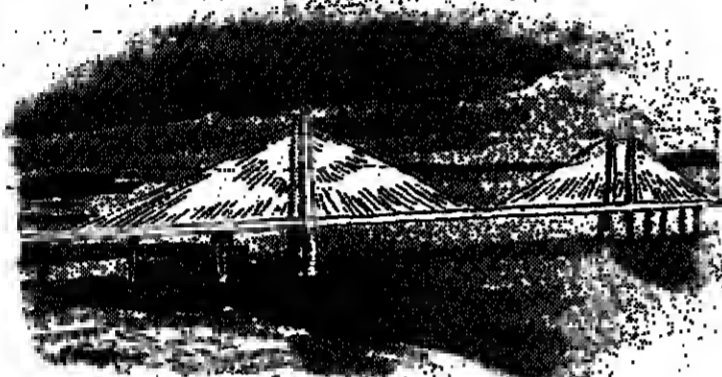
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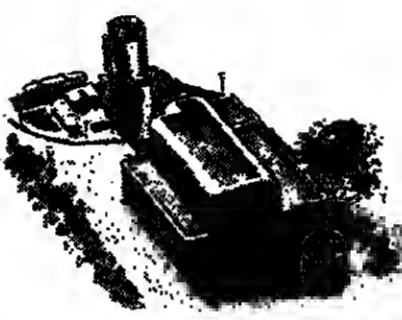
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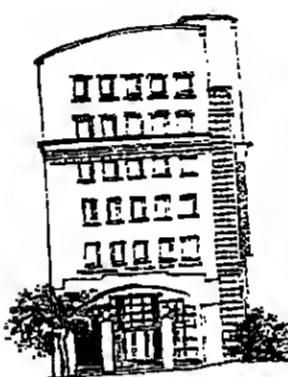
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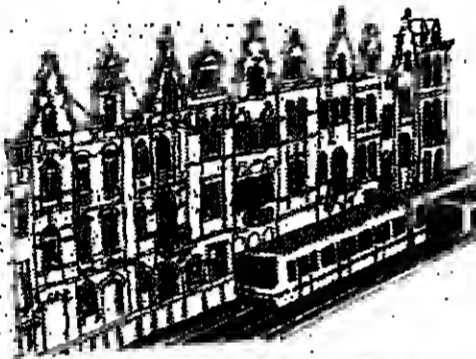
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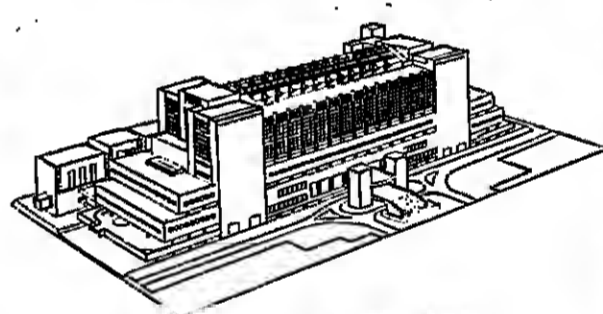


Dexia, the banking partner for local government in Europe, was created by the merger of Crédit local de France and Crédit Communal de Belgique. Already European

leader in the financing of public service facilities and with shareholders' equity of 6.2 billion euros, Dexia is currently expanding into Bank insurance and asset management.



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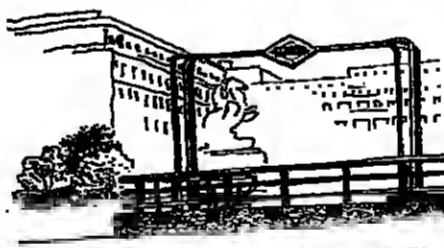
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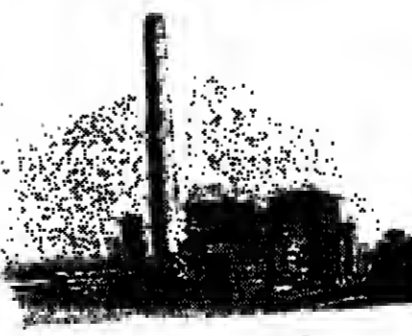
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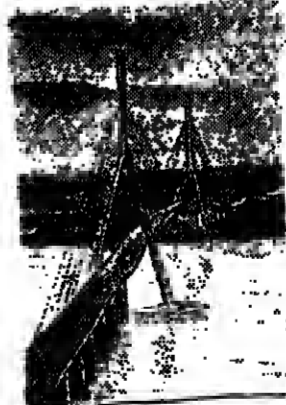
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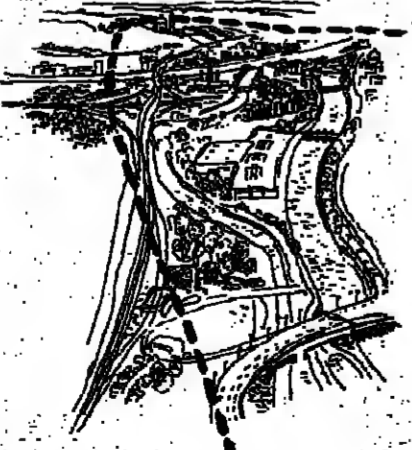
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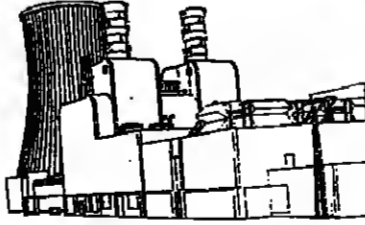
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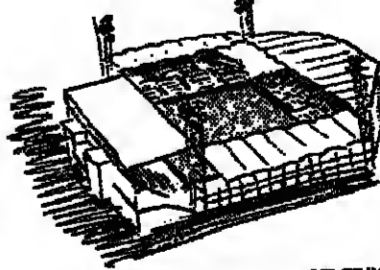
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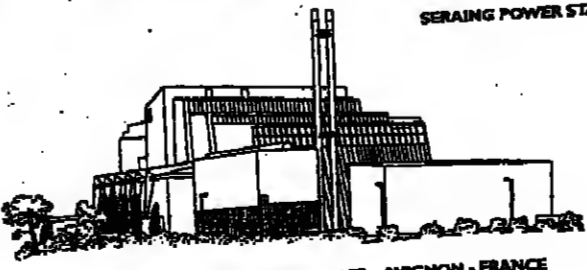
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TRAVEL FOR KNOWLEDGE

NEW HORIZONS AND FRESH SKILLS

Who says that business and pleasure don't mix?

These days, work and play are not unlike extra virgin olive oil and balsamic vinegar. Separately, each has its particular merits — but whisk them together and presto — they form a delicious vinaigrette.

Many of today's "working vacations" follow such a recipe. They combine the learning of fundamental career skills and easily digestible information with the exotic flavor of far-flung destinations.

In 1956, U.S. President Dwight D. Eisenhower had an inspired thought: What if private American citizens from various professions were to communicate and work directly with their counterparts in other countries to promote international understanding? The thought blossomed into People to People International (PTPI), a nonprofit educational and cultural exchange organization that today offers a multitude of programs.

Among the most interesting are the summer and spring break Traveling Seminars — cosponsored by the University of Missouri-Kansas City — which expose participants to foreign countries' major issues by placing them in direct contact with the people, players and professionals involved.

Instead of wading through the business section of the newspaper, participants can sign up for one (or both) parts of the International Business and Economics seminar, which gives them the lowdown on impending Euro-dom from the perspective of leading business and government figures in Britain, France, Belgium and the Netherlands. In London, a trip to the Tate is bracketed by forays to Lloyds of London and the Labour Party Quarters. Strolling along the Seine in Paris is followed by a glimpse behind the scenes of companies like Air France and France Telecom. In Amsterdam, participants can not only eat Edam, but witness how it is made, sold and distributed.

If PTPI's philosophy is to plunge right into the midst of things, the Centro Panamericano de Idiomas (CPI) at Monteverde attempts quite literally to elevate its students to new heights. Indeed, nature-lovers who come to learn or perfect their Spanish in this lush rural region of Costa Rica truly find their heads in the clouds — CPI is scenically squeezed between the Santa Elena and Monteverde Cloud Forests. When daily classes let out, activities such as mountain hikes, tours of the local Butterfly Farm and participation in conservation projects — combined with possible home-stays — allow ample opportunity for linguistic practice, while ensuring that students' vacations unfold far from the madding crowd.

Those with some time their hands might consider embarking upon the University of Pittsburgh's Semester at Sea program. Billed as a "floating university," whose seafaring campus brings together college students and professors,



Gateway vacations can be combined with all sorts of cultural enrichment, from language courses to study at sea.

foreign experts, crew members and adults of all ages, this academic ark sets sail around the world every spring and fall for a period of 100 days.

Ports of call for spring 1999 include Venezuela and Brazil, South Africa and Kenya, India and China, Vietnam and Japan. Field trips — which range from eating fried piranhas while sailing down the Amazon to learning about India's caste system by doing community work — are supplemented by a fantastic range of shipboard courses.

Of course, upgrading skills and knowledge is not only about tuning into the rest of the world, but about tuning into one's self as well. As such, Licensed Counselor Susan Shields' retreat, La Querencia, located in southern Arizona, offers an alternative for burned-out businesspeople. La Querencia subscribes to the idea that happy people are more productive, and thus more able to achieve profitability.

After consulting with a company's management, Ms. Shields uses an eclectic mixture of Jungian psychology, Taoist philosophy and Native American shamanism to devise individual and group therapy workshops that will help bosses and employees alike improve their rational-emotive thinking, learn to resolve conflicts, enhance their ability to achieve goals and transmute stress into energy. Issues tackled range from "Esteem: applause from within/applause from without" to "Getting Real: shedding the masks."

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The Hawaiian island of Oahu possesses all of the classic features of a South Sea paradise with a renowned state university to boot. Indeed, along with the usual academic offerings, the University of

Hawaii at Manoa — a verdant valley only minutes from Honolulu — boasts a Hawaiian Studies department whose courses provide an introduction to the unique aspects of island culture ranging from language and religion to art and history.

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tinctly its own. The University of Prince Edward Island in Charlottetown makes scholarly efforts to exploit this island identity with two special summer offerings.

A four-week program organized by the university's Lucy Maud Montgomery Institute is ideal for foreigners wanting to learn or perfect their English. In addition to living with islanders, participants can learn everything there is to know about the local literary heroine "Anne of Green Gables" and the author who invented her, L. M. Montgomery.

Also uniquely insular are the events sponsored by the University's Institute of Island Studies, a research, education and public policy institute concerned not only with the island aspects of PEI, but of other islands as well.

Meanwhile, in the same general East Coast vicinity — although a far cry from natural, isolated and trans-

Continued on page 13

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HEALTH/SCIENCE

New Hope for Losers
In Fight to Stay Awake

U.S. Considers Drug for Use in Sleep Therapy

By Erica Goode
New York Times Service

NEW YORK — It is midafternoon on the eastern coast of a chronically sleep-deprived nation and if you listen carefully, you can hear the whoosh of capuccino makers and the ripping open of No-Doz boxes and the yawns of night-shift workers and the sighs of pilots as they check their watches to see how much longer they must keep their aircraft aloft.

They are the sounds of the struggle to stay awake, a major enterprise in a country that long ago exchanged the effortless biological cycle of sleep and waking for the tyranny of electric lights, job-plus-kids living, graveyard shifts and packages that absolutely positively have to be there overnight.

About two-thirds of workplace accidents in the United States are caused by human error, studies show, many of them the result of a failure of alertness at critical times. Jet-lag sufferers, all-night workers, the elderly and the multitude of Americans with disorders like sleep apnea and narcolepsy wage a continual battle against excessive daytime sleepiness. And staying awake supports a multibillion-dollar industry that serves up a variety of stimulants, legal and illegal, and sleep promoters, offering hope that a good night's sleep will bring alertness the next day.

Yet the search for artificial compounds to enhance wakefulness is a chronicle of limited success. Caffeine, for all its appeal, is not especially potent, and in high doses can be unpleasant, causing irritability, tremor and excessive urination.

Amphetamines, the wonder drugs of the 1950s and '60s, quickly opened a

Pandora's box of side effects and abuse. The drugs keep people awake, but they also produce euphoria and the jitters, revving up the central nervous system and causing the heart rate and blood pressure to jump. And once the effects wear off, users crave more of the drug.

Fearful of lawsuits, drug companies gave up trying to improve alertness, and for 20 years have devoted most of their efforts to developing new sleep-promoting drugs, seeking to maximize high-quality sleep while minimizing day-after hangovers.

But that may soon change. By Dec. 31, the Food and Drug Administration is to decide whether a new compound called "modafinil" can be marketed as a treatment for excessive sleepiness associated with narcolepsy, a severe sleep disorder that afflicts about one in 1,000 Americans. Approval of the drug would also open the door to "off-label" use, allowing doctors to prescribe it for other conditions.

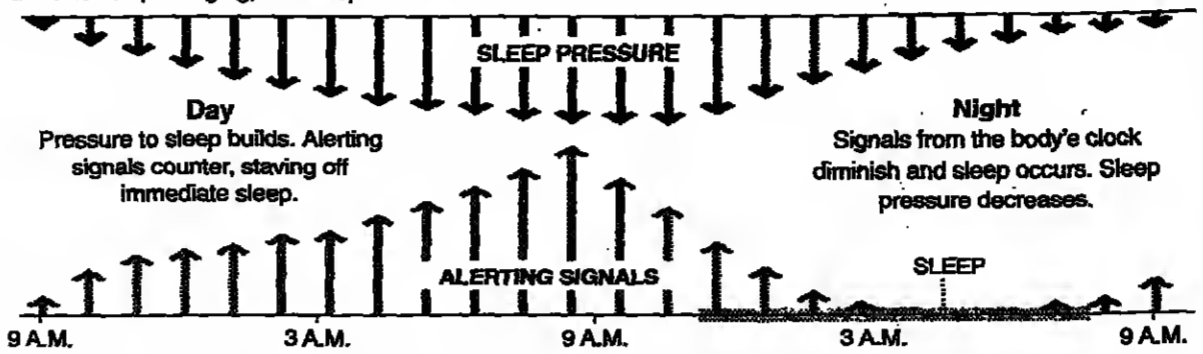
If modafinil goes on the market, many sleep scientists believe, it could usher in a new era of wakefulness compounds and help researchers unlock the mysteries of sleep and waking. At the same time, the arrival of the drug will raise profound questions about how, as a society, Americans choose to cope with their perpetual lack of sleep and their constant campaign to stay awake.

Modafinil, to be sold under the trade name Provigil, is licensed to Cephalon Inc., a small pharmaceutical company in West Chester, Pennsylvania. Since its discovery by French scientists in the late 1970s, the compound has stirred interest among sleep researchers because it appears to work entirely differently from other alertness drugs.

"This is the first drug in history to selectively promote wakefulness in a

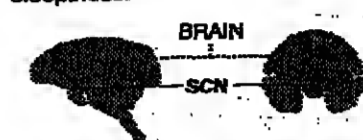
Perchance to Dream

Dale Edgar describes sleep and wakefulness as a battle of oppositional forces where the desire to sleep, which builds from the moment one awakens, is countered by signals from the brain's internal clock. In the evening, when the clock stops ringing, we sleep.



THE BRAIN'S INTERNAL CLOCK

A tiny portion of the brain called the suprachiasmatic nuclei (or SCN) sends out disinhibitory signals that counter the inhibitory signals that result in sleepiness.



way analogous to how the brain normally wakes up," said Dale Edgar, associate professor of psychiatry and behavioral science at Stanford University, who conducted preclinical trials of Provigil for Cephalon and has done other animal studies of the drug financed by the Air Force Office of Research. "Modafinil is certainly not a real substitute for getting sleep. That would be a misuse of this drug. But I personally believe it has great promise for a much wider range of sleep disorders."

In human trials, modafinil appears more effective than caffeine without causing the anxiety, euphoria and cardiovascular effects of amphetamines. Four years of on-the-market experience in France, where the drug is sold as Mododol, and clinical trials financed by Cephalon in the United States have revealed few side effects. The most common complaints are mild headache and slight nausea, and these symptoms are infrequent. Preliminary studies suggest that modafinil is non-addictive and that it does not induce tolerance in users.

Jed Black, director of Stanford University's Sleep Disorders Clinic and a participant in the clinical trials, said subjects taking the drug reported feeling "naturally alert, like they'd taken a

good nap and felt good." And modafinil does not seem to touch off rebound sleepiness — the "crash" familiar to amphetamine users — after it is discontinued.

If all this sounds too good to be true, it could turn out to be. More than a few promising drugs have shown serious problems once they became widely prescribed. The diet drug Fen-phen, withdrawn from the market after patients developed heart valve problems, are a case in point.

"You've got to have the drug out there, and you've got to see what it does," said Philip Smith, director of the Johns Hopkins University Sleep Disorders Center, who was not involved in the trials of Provigil. "It would really mean something to have a medication that can stimulate the brain and keep it awake without jacking the whole system. The proof is in the pudding."

Clinical trials of new drugs are typically small (558 patients at 39 sleep disorder clinics around the country took part in two trials of Provigil), and the studies are almost always financed by the drug company that wants to market the compound, a fact that some experts believe limits the usefulness of the research. And while France has four years of experience with Mododol, prescription of the drug there is tightly con-

trolled, and its users have been limited to patients suffering from narcolepsy or from idiopathic hypersomnia, another relatively rare sleep disorder.

Many questions about modafinil remain to be answered. Scientists do not know, for example, how long the drug can keep people awake, and they are only beginning to discover its effects on judgment, reaction time and other aspects of cognitive and physical performance.

In one study, by Ross Pigeau, Joseph Baranski and their colleagues at the Canadian Defense and Civil Institute of Environmental Medicine, 41 military reservists were deprived of sleep for 64 hours, given modafinil, an amphetamine or a dummy medication and were required to perform a repeated series of cognitive tasks.

The subjects on modafinil and amphetamines performed significantly better than those given a placebo. But the modafinil group, while experiencing fewer side effects than the amphetamine group, was also more likely to be overconfident, overestimating abilities after performance declined — a problem that, if it proved common, could severely limit the drug's use in the general population.

The biggest unanswered question about modafinil, however, is: How does

it work? Central nervous system stimulants like amphetamines achieve their effects by increasing levels of chemical messengers in areas of the brain associated with arousal, and also with pleasure and locomotor activity. In particular, amphetamines act on a brain chemical called dopamine, which scientists believe is responsible for the euphoria the drugs produce and also their potential for abuse.

MODAFINIL, in contrast, does not appear to affect dopamine, or if it does, it does so only very weakly. Nor does the drug seem to target other neurotransmitters — adrenaline and serotonin, for example — affected by amphetamines. Caffeine blocks the action of the chemical substance adenosine, which scientists believe promotes sleep. But modafinil, studies have found, seems indifferent to adenosine as well.

Instead, work by Michel Jouvet, a French sleep researcher, and his colleagues suggests that modafinil increases cellular activity in an area of the brain adjacent to the suprachiasmatic nucleus, or SCN, the body's circadian clock.

And this fits nicely with scientists' best guess as to how the brain maintains wakefulness.

Gorillas in the Bronx

A Zoo Creates a Hint of the Congo

By Shelly Freierman
New York Times Service

NEW YORK — Sometime in mid-December, Timmy and Dan, two silverback male gorillas, and their respective troops will move into new quarters at the Bronx Zoo, in an environment designed by scientists and animal experts to resemble a central African rain forest, the animals' natural habitat.

The new six-acre area of outdoor and indoor habitat, called Congo Gorilla Forest, is scheduled to open to the public in June, after the animals have time to adjust.

"The habitats for the animals are very large and very heavily vegetated, so they are as close to a rain forest as we can get in New York," said Lee Emkhe, the Congo project manager. "We had a conflicting desire to give the animals freedom of movement yet see them face to face."

The solution, he said, was to plan the habitats so the animals wanted to linger near the viewing areas, and, more important, to coax natural behavior from them, using a mixture of creative landscaping, exhibit architecture and some clever, hidden incentives.

"Instead of begging for food or exhibiting other older zoo behavior, the animals will do what they do in nature, which is foraging for food and interacting with members of their social groups," Mr. Emkhe said.

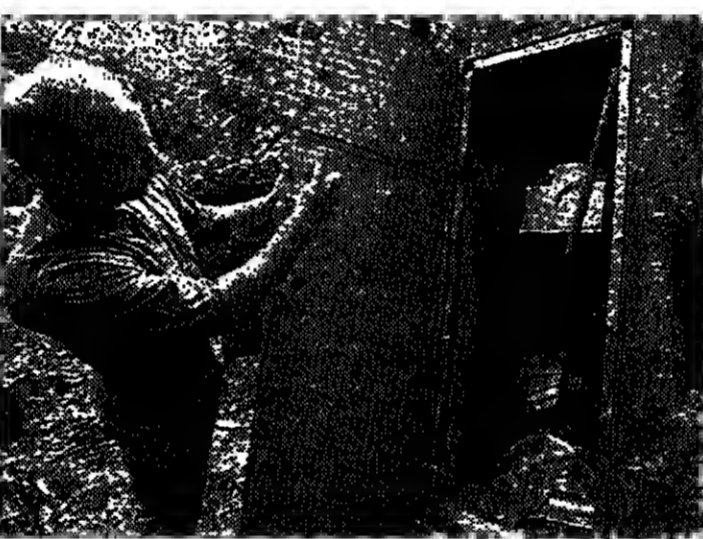
Many zoos have expanded their naturalistic hab-

itats and all but abandoned cages. But Mr. Emkhe said this habitat would go further on several fronts, especially in showing the animals as part of a whole ecosystem. The designers are also using a dense and detailed mix of plants, waterfalls and synthetic mud banks and native trees.

The stars of Congo forest will be the two families of Western lowland gorillas, which will be joined by okapis, red river hogs, mandrills, birds, fish, reptiles, bugs and several species of monkeys, including guenon, colobus and pygmy.

To help keep the animals in public view, the primate areas will use hidden feeders to disperse treats like seeds or fruit. In the mandrill habitat, a hopper inside a fake tree will be filled in the morning with sunflower seeds, which will be released at random times during the day.

Planners have drawn from research on animal behavior in the wild and lessons learned in zoos. Gorillas tend to prefer flat ground, so the landscape in one habitat slopes away from the viewing areas and up a hill. Tangles of artificial vines will be available for play. There is also plenty of room and vegetation for privacy. The indoor gorilla spaces will have high ceilings and be filled with



Lee Emkhe shows off a hidden feeder that disperses treats.

ledges, ropes, nets, ladders and hay (for nesting).

"They want to be able to climb, they want to be able to hide, they want to be able to swing," Mr. Emkhe said. "They don't need the space to look like a pretend rain forest that most of them have never seen. All hut Timmy, the oldest gorilla at the zoo, are captive-born gorillas."

Ultimately, zoo officials said, the habitat is about conservation education. "The features in the gorilla habitat are for their mental and behavioral health, but visitors should experience gorillas being gorillas and not sculpture or pets," said Rob Halpern, curator of horticulture at the Wildlife Conservation Society, the zoo's parent organization. "We want to get people involved in nature so they want to protect it."

Obesity and Diabetes

A Major Health Problem for U.S. Children

By Sally Squires
Washington Post Service

WASHINGTON — The incidence of diabetes linked to obesity has jumped significantly in American children in the past few decades, according to new findings presented at a U.S. Department of Agriculture meeting on the causes and prevention of obesity in children.

Obesity in children has emerged as a major health problem, particularly among black girls and Hispanic and American Indian children. One of the more worrisome trends is the sharp rise in the type of diabetes normally found only in adults.

"Childhood obesity is at epidemic levels in the United States," said Surgeon General David Satcher. "We have been remiss in shedding light on this problem, which leads to so many other health problems, particularly when we consider the threats this disease imposes on our chil-

dren. Today, we see a nation of young people seriously at risk of starting out obese and dooming themselves to the difficult task of overcoming a tough illness."

The percentage of overweight children ages 6 to 17 has doubled in the United States since 1968. The most recent National Health and Nutrition Examination Survey conducted by the National Center for Health Statistics from 1988 to 1994 found that one in five children was overweight.

Michael Goran of the University of Alabama at Birmingham said at the meeting that studies show that 70 percent of overweight children ages 10 to 13 will be overweight and obese as adults. Psychological and emotional problems can follow from being overweight in childhood, usually because youngsters are teased by peers.

Findings released at the Agriculture Department meeting added to the troubling picture of the effects of obesity in childhood. In particular, researchers cited findings from a study of 1,000 schoolchildren in Cincinnati that showed an increasing incidence of type II, or adult onset, diabetes, the form of the disease that is closely linked to weight.

In 1982, about 4 percent of children in the study had type II diabetes. By 1994, the rate had risen to 16 percent. Most children developed it between the ages of 10 and 14, researchers said, and the onset of the disease was directly linked to obesity. Other studies have found similar trends in other cities.

Obesity also puts overweight children at risk of other diseases. The Bogalusa Heart Study in Louisiana, a project financed by the National Heart, Lung and Blood Institute, found that overweight children tend to have readings in the highest levels of the normal ranges for their blood sugar, blood pressure and blood fats. Each of these factors places them at increased risk of health problems.

Why excess weight sets in motion a cascade of adverse health effects is not completely understood. But the latest evidence points to visceral fat, the type that hides deep within the recesses of the body, close to organs.

Visceral fat is more metabolically active, meaning that its cells churn out more by-products, than other types of fat cells, researchers said. Included among these substances are free fatty acids that are dumped directly from the visceral fat into vessels leading to the liver. "The point is," Mr. Goran said, "that when visceral fat releases its breakdown products, it has harmful effects on the surrounding organs."

What researchers still don't understand is the relationship between visceral fat and total body fat. CT scans of the body show that not all heavy children have the same amount of visceral fat.

"What we are seeing is that obese children definitely have more visceral fat," Mr. Goran said. "But as with adults, you don't have to be obese to have a lot of visceral fat."

Nor can anyone explain why obesity has emerged as such a significant health problem worldwide during this century. In the past 15 years, the percentage of fat in the American diet has dropped from at least 40 percent to about 30 percent of total calories, and there has been a proliferation of fat-free and low-fat foods.

"Despite that, the prevalence of obesity in adults and kids has increased substantially," said William Dietz, director of the Centers for Disease Control and Prevention's Division of Nutrition and Physical Activity.

Cultural changes in food preparation and family meals probably play a role in the problem, he said.

In 1934, all food was prepared from scratch and was largely consumed based on seasonal harvests. The advent of frozen food in 1954 opened up a wider array of food choices, and the introduction of the microwave oven in 1974 meant that children could take a far more active role in choosing and preparing foods without parental guidance.

LACK of physical activity contributes to the problem. Fewer than half of American schoolchildren participate in daily physical education. Television, video games and computers add to the problems of sedentary living. Studies by Mr. Dietz showed that childhood obesity is related to the amount of time spent watching television.

"But television viewing is not a single behavior," he said. "It represents a marker for inactivity and altered patterns of food consumption. The more television a child watches, the more likely they are to consume foods advertised on television and the more likely it is that those foods are high in calories."

There are signs, however, that some of these trends can be reversed. At Johns Hopkins Bayview Medical Center in Baltimore, Kerry Stewart, director of cardiac rehabilitation, has developed a prevention program targeted at children. "We find that we can increase the knowledge of children and improve their eating habits so that they report consuming lower percentages of fat, salt and sugars in their diet," he said.

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IMF Set to Wrap Up Aid Package for Brazil

WASHINGTON — The International Monetary Fund expects to finalize a multibillion-dollar rescue package for Brazil early in the week following talks with top government officials over the weekend.

Gustavo Franco, head of the Brazilian central bank, arrived in Washington on Friday for talks on a letter of intent that would lay out the country's policy commitments. An IMF accord would clear the way for at least \$30 billion in emergency loans for Latin America's biggest economy.

On Friday, Michel Camdessus, managing director of the IMF, said, "We will be probably in the position to announce at the beginning of next week a very strong, credible, solid program with Brazil which has all the potential to avoid a major crisis in this country and put it potentially on a sustainable track of recovery."

Negotiations from the IMF and Brazil had hoped to finalize a letter of intent on Friday.

The rescue package is to be funded with big loans from the IMF, the World Bank and the Inter-American Development Bank. The United States, Japan and other industrial nations were expected to offer bilateral support as part of the package.

Brazil needs international support to stave off fears of a devaluation of its

currency, the real, and to reassure anxious foreign investors. A collapse of the real could cause financial havoc in the rest of Latin America.

Some analysts say they believe the package will be larger than \$30 billion, and that it will take at least \$45 billion to guard Brazil against an Asia-style meltdown.

Negotiations with the IMF reached a final stage after the Brazilian government announced a tough austerity plan to save \$84 billion over the next three years. Brazilian officials hope the austerity drive will go a long way to restoring confidence and that the government will not need to draw on much of the international package.

The IMF is expected to offer \$15 billion to Brazil. The Fund's contribution may incorporate a special credit line proposed by Group of Seven major industrial nations. The precautionary credit could be tapped at times of acute financial stress, ensuring the government pays its bills on time and has enough cash to defend its currency.

The World Bank is preparing a series of loans worth \$4.5 billion. The Inter-American Development Bank stood ready with \$3.4 billion.

The United States was expected to tap the Treasury Department's Exchange Stabilization Fund for its contribution, but it was unclear how much money Washington would offer Brazil. Deputy

Treasury Secretary Lawrence Summers declined to comment when asked about the Brazil package on Friday.

U.S. Banks to Sit on Sidelines

Timothy O'Brien of The New York Times reported earlier:

With an international rescue package estimated at \$30 billion for Brazil nearing completion, U.S. banks, already battered by global financial turmoil, are sitting on the sidelines.

Only a few weeks ago, some American bankers talked openly about the possibility of bolstering the leading efforts of agencies like the International Monetary Fund by adding their own funds to any rescue package.

But banks now say they will wait for Brazil — a far more important country to most of them than, for example, Indonesia, South Korea or Russia — in ask for more money before any is offered.

"The initiative for any private money will have to come from Brazil," said a senior American banker who requested anonymity. "I think Brazil will want to wait and see what the \$30 billion credit line does to their costs in the sovereign debt markets before they make another move."

Treasury Secretary Robert Rubin of the United States has argued in recent weeks that any aid to Brazil has to include money from the private sector — lest banks and other investors be-

efit from a bailout without suffering for any undue risks they took in Brazil. For their part, bankers face the wrath of their shareholders and regulators if they throw good money after bad.

A great deal is at stake for the U.S. financial institutions. Compared with exposure of \$6.8 billion in Russia, and \$4.6 billion to all Asian borrowers, United States banks had about \$27.3 billion in loans and other financial exposure to Brazil as of June 30, according to Brown Brothers Harriman & Co.

While more current aggregate figures are not available, the biggest U.S. banks in Brazil released updated information about their exposures at the end of September — and most of them showed a sharp decline since June.

Chase Manhattan has \$3.8 billion in exposure to Brazil, down from \$4.3 billion at the end of June; J.P. Morgan has \$2.2 billion, down from \$4 billion; BankAmerica has \$3.3 billion, down from \$3.9 billion, and BankBoston has less than \$1 billion, down from \$1.7 billion.

"I think banks are steeling themselves for a currency devaluation," said Diane Glossman of Lehman Brothers Inc. "Mutual funds and investment banks also have a big stake in the outcome, and to expect that it's appropriate for the banks to take on the responsibilities for all of these other investors is wrong."

2d Stake to Be Sold In France Telecom

Plan Proceeds After Delay for Market Turmoil

PARIS — France Telecom SA and the French government, confirming widespread speculation, have said they will proceed Monday with the sale of a second installment of stock and convertible bonds of the third-biggest phone company in Europe.

The government's go-ahead for the operation, announced in July but delayed in October because of market turmoil, could signal that other big international stock issues in the pipeline will now hit the market, analysts said.

The sale of about 37 billion francs (\$6.59 billion) in securities will include more than 50 million existing France Telecom shares owned by the state and 50 million new shares sold by France Telecom to help finance its international expansion, including the purchase of a 2 percent stake in Deutsche Telekom AG, its European ally. The German company will, in turn, buy 2 percent of France Telecom from the government.

The share price for the second flotation — an initial public offering was made about a year ago — will be fixed Nov. 28, the company said over the weekend. The price will be fixed at the close of a three-day open-price sale Nov. 24 through Nov. 26, which will follow a purchase reservation period from Monday through Nov. 23, the company said.

The sale will help the government cut its budget deficit and reduce France's stake in its dominant phone company to about 62 percent from three-fourths. Still, it will not raise as much cash as expected. France Telecom's stock has lost more than a fifth of its value since hitting a record of 490 francs in August.

Only a month ago, the government said it would hold off on selling more France Telecom shares on concern that a worldwide economic slowdown, which drove down equity markets, would dry up demand for new stock. It reversed course after strong demand for other recent stock offerings of telecommunications companies — such as Swisscom AG, NTT Mobile Communications Network Inc. of Japan and Sonera Oy of Finland — showed that investors were still eager to buy such stocks.

"We've clearly gone back to much

more attractive price levels, and that's why we're launching this sale now," said Michel Bon, chief executive of France Telecom.

Though the shares of France Telecom and other European phone companies have fallen from record heights this summer, they have not dropped as much as the stocks of other companies more affected by currency fluctuations and signs of slower economic growth.

The government will sell 32 million France Telecom shares in a public offering and place about 19 million with French and foreign institutional investors. Individual investors will be able to reserve shares starting Monday, and the price they will pay for each share will be 10 francs below the price in the bid by institutional investors, according to the government.

The Finance Ministry said another 5.7 million shares would be offered to France Telecom employees, and the banks in charge of the placement will also have an option to buy an additional 4.5 million shares.

France Telecom will issue 25 million new shares and convertible bonds roughly equivalent to another 25 million shares, the ministry said.

Finance Minister Dominique Strauss-Kahn, in an interview published Sunday, said the government would keep its remaining stake in France Telecom in order to ensure the company stays focused on its public service mission. The remarks, in the newspaper Le Journal du Dimanche, were intended to quash speculation that the government would sell more of France Telecom.

"The sale is the second and last phase of the decisions made in the fall of 1997," when the initial offering took place, Mr. Strauss-Kahn said.

France Telecom shares rose 3.5 francs to 368.5 francs on Friday. The stock was priced at 182 francs a share for individual investors in its initial public offering Oct. 20, 1997.

Separately, France Telecom said sales climbed 4.2 percent in the first nine months of the year as a surge in mobile phone use more than offset the effects of reduced long-distance rates. Sales rose to 118.4 billion francs from 113.6 billion a year earlier.

(Bloomberg, AFP, Reuters)

Schroeder Supports Early Retirement

BONN — Chancellor Gerhard Schröder launched his promised fight against unemployment on Sunday by announcing support for a trade union-driven scheme to create jobs by lowering the retirement age to 60.

Previous to Mr. Schröder's Parliament address on his aims on Tuesday, the Finance Ministry also confirmed support for a more generous than expected tax reform that initially would be financed through a larger budget deficit.

The head of the Christian Democratic Union, Wolfgang Schäuble, who took over from a tearful former Chancellor Helmut Kohl at an emotional party congress on Saturday, attacked Mr. Schröder for having no budgetary sense and using "easy money" policies.

Mr. Schröder told the newspaper Bild am Sonntag that his general retirement age of 60 was not a "clausure case," would create new jobs. "We want to agree a clause within the wage-bargaining process allowing elderly workers to retire at 60 without any cut to their pension," he said.

The proposal is now likely to dominate initial discussions between employers and trade unions under a so-called "all-hands-for-jobs" initiative that Mr. Schröder has said he will launch in the coming weeks.

German trade unions have long been calling for early retirement provisions. Under one proposal, part of the wage increases agreed to in sector-wide bargaining would be used to finance early retirements.

Employer groups do not like the plan, arguing that a lower retirement age must be followed by a cut in state pensions.

The Finance Ministry late on Saturday confirmed plans to revamp the government's tax reform proposal, which business and other critics had dismissed as insufficient to get the economy on track and reduce unemployment. No details were given.

A spokesman for the Finance Ministry was looking at measures to Mr. Schröder's center-left coalition (\$8.97 billion) off taxes by chop 15 billion Deutsche marks (\$8.97 billion) DM, adding that the 2002, compared to an original 10 billion DM, adding that the revenue loss initially would be financed through the budget.

Mr. Schröder's conservative rivals are likely to use the last-minute amendments as a way to question the new government's economic competence. Mr. Schäuble already has called for lower interest rates by Finance Minister Oskar Lafontaine, saying on Saturday lower rates could erode confidence in the mark and the European single currency.



Chancellor Schröder addressing Parliament shortly before issuing proposal on retirement.

Italy to Sell Banca Nazionale del Lavoro Stake

ROME — Italy will sell a 56 percent stake in Banca Nazionale del Lavoro SPA, the nation's sixth-largest bank, in a public offering to investors that could raise as much as 5 trillion lire (\$3.07 billion) for the government.

The sale of the government's last major banking asset, announced Saturday, will consist of an offering of 950 million shares to individuals and institutions, beginning next week. Another 142 million shares will be made available to meet excess demand, the government said.

The share offer, combined with the sale of a 25 percent stake to three institutional partners — Banco Bilbao Vizcaya SA of Spain; Banca Popolare Vicentina Italian regional bank; and the Istituto Nazionale delle Assicurazioni SPA — will leave the government with just about 3 percent of the bank.

The proceeds will go toward driving

down Italy's debt, which ended 1997 at 121.6 percent of gross domestic product, more than double the amount called for under the guidelines on participation in the single European currency. Italy has received a temporary waiver of that requirement and will be allowed to adopt the euro on Jan. 1.

"This is a historic moment: Banca Nazionale del Lavoro has been the property of the treasury since 1921," said Mario Draghi, director-general of the treasury, at a press conference in Rome. He said the treasury was going ahead with the sale because swings in world stock markets had eased.

Retail investors will receive at least 450 million of the shares on offer. As much as 20 percent of those will be reserved for employees of the bank, known as BNL.

Banco Bilbao Vizcaya, with a 10 percent stake, will become BNL's largest

shareholder, followed by Popolare Vicentina with 7.75 percent and the insurer with 7.25 percent.

The maximum price of the shares will be announced Saturday, with the sale beginning Nov. 16. On Nov. 21, the Treasury will announce the results of the public offering.

German-Italian Talks Seen

Assicurazioni Generali SPA, the third-largest insurer in Europe, is in talks with Commerzbank AG of Germany that may lead to a share swap between the companies, Bloomberg News reported from Milan, quoting a person familiar with the situation.

The talks, which were taking place over the weekend, are expected to lead to Generali buying about 4.5 percent of Commerzbank, the person said, and the German bank taking a 2 percent stake in the Trieste-based insurer.

CYBERSCAPE

Firm Finds Brokers Lack Presence in Cyberspace

BLOOMBERG NEWS

BOCA RATON, Florida — U.S. securities houses are lagging other industries in offering services via the Internet, even as their customers increasingly use computers to get mail, pay bills and get information, a consulting firm has found.

Speaking at the annual meeting of the Securities Industry Association on Saturday, Peter Ellison, president of the New York-based consulting firm Corporate Insight, said half the association's members "ignore the Internet."

"Of the firms that do have Web sites," he added, many "seemingly just have it for the sake of having one."

Full-service brokerages — those such as Merrill Lynch & Co., that provide advice through a broker, in contrast to discount firms such as Charles Schwab Corp., that offer trading capabilities but no advice — ignore the Internet or use it inadequately, Mr. Ellison said.

Each month, about 18 million people go on-line for the first time, and electronic mail is about 10 times as popular as regular mail, Mr. Ellison said.

About 33 percent of individual investors trade stocks on-line, up from less than 1 percent in 1994, according to Stanley Witkowski, the manager of the Internet site for Prudential Securities Inc.

On-line brokerage is the fastest growing part of the securities industry's business that caters to individual investors. Yet Mr. Ellison cited only one full-service Prudential broker — among the firms with exemplary Web sites. The other sites he noted as being among the best included those of Charles Schwab Corp., E*Trade Group Inc., Web Street and Yahoo Inc.

Prudential has easy-to-find stock research, bill payment, access to a customer's account and trading. Mr. Ellison said, while other full-service firms "are all behind the curve."

About 42 percent of the 800 Securities Industry Association brokers "basically

CURRENCY RATES

Cross Rates	Nov. 6
Australian dollar	1.3500
British pound	1.6200
Canadian dollar	0.6800
French franc	166.3500
German mark	1.3663
Italian lira	1,936.2700
Japanese yen	109.1000
New Zealand dollar	1.3400
Spanish peseta	166.3500
Swiss franc	1.4800
Taiwan dollar	166.3500
Thai baht	54.8000
U.S. dollar	1.0000
U.K. pound	0.6200
Yen	109.1000

Source: Reuters. London, Milan, Paris and Zurich, trading in other currencies N.Y. and Tokyo rates of 11 P.M. EST. To buy one dollar = 100 yen. To buy one dollar = 100 yen. To buy one dollar = 100 yen.

Other Dollar Values	Nov. 6
British pound	1.6200
Canadian dollar	0.6800
French franc	166.3500
German mark	1.3663
Italian lira	1,936.2700
Japanese yen	109.1000
New Zealand dollar	1.3400
Spanish peseta	166.3500
Swiss franc	1.4800
Taiwan dollar	166.3500
Thai baht	54.8000
U.S. dollar	1.0000
U.K. pound	0.6200
Yen	109.1000

Forward Rates	Nov. 6
British pound	1.6200
Canadian dollar	0.6800
French franc	166.3500
German mark	1.3663
Italian lira	1,936.2700
Japanese yen	109.1000
New Zealand dollar	1.3400
Spanish peseta	166.3500
Swiss franc	1.4800
Taiwan dollar	166.3500
Thai baht	54.8000
U.S. dollar	1.0000
U.K. pound	0.6200
Yen	109.1000

EU Plan for Chocolate Recipe Likely to Leave a Bitter Taste

BRUSSELS — Internal market ministers from the 15 European Union states will meet Monday to try to find a compromise on plans to set a single chocolate recipe for the \$42 billion European market, although little progress is expected.

Proposals to allow candy makers across the EU to replace some of the cocoa in chocolate with cheaper fats will be blocked again by strong opposition from a group of countries led by France, EU diplomats said. The EU has been squabbling over the proposal for 25 years.

The European Commission's proposals have been blocked so far by France, Belgium, Luxembourg, Spain and the Netherlands.

The commission had hoped that one of the countries would drop their opposition, which would be enough under EU voting rules to unblock the plan. While Spain's opposition is weakening, Italy and Greece have also come out against the proposal, said British and Austrian diplomats.

Cocoa-growing nations such as Ivory Coast and Ghana would allow manufacturers to use non-cocoa fats for up to 5 percent of the total weight of chocolate bars.

The plan could cut total cocoa demand by as much as 200,000 metric tons, or about 7 percent of annual global consumption, analysts said.

Supporters of the plan are looking to the Netherlands to soften its line and support the proposal after the formation of a new government following the May 6 election.

GLOBAL PANEL

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- Will the have-nots also become the know-nots?
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 - Roel Pieper, Executive Vice-President, Royal Philips Electronics, the Netherlands
 - Richard D'Aveni, Professor, Amos Tuck Business School, USA; Author "Hypercompetition"
 - Larry Prussak, Head Knowledge Management, IBM Int'l., USA
 - Mathieu Weggeman, Professor, TU Eindhoven, the Netherlands
 - Kaisa Kautto-Koivula, Head Knowledge Management, Nokia Telecommunications Inc.

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Consolidated prices for all shares traded during week ended Friday, November 06

Stocks	Day's High	100s High	Low	Clos	Chg
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Arrow	20	157.28	207	27.48
Arlecon	17.30	2.4	2.4	2.7
		204.24	201.3	33.78

[illegible]

[illegible]

Sales Div Yld Sales 100s High Low Clos Chgs

[illegible]

Stocks Div Yld 100s-High Low Close Chgtr

1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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12	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
13	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
14	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
15	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
16	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
17	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
18	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63																																					

Continued on Page 2

A collage of newspaper clippings and advertisements. The top section features a large 'RECRUITMENT' headline with a graphic of a person running. Below it are various news snippets, including one about a 'WORKING PROJECTS MANAGER' and another about 'SWITZERLAND'. The bottom section is dominated by a large advertisement for 'INTERNATIONAL TRAVEL' and 'Herald Tribune'.

CAPITAL MARKETS ON MONDAY

Mutual Funds Tiptoe Into Hedge Fund Territory

By Geraldine Fabrikant
New York Times Service

NEW YORK — It's not the sort of thing they are likely to trumpet in newspaper ads or in 30-second television spots, but increasingly, mutual fund companies are muscling into the hedge fund business.

"Over the last few years, we have seen mutual fund companies launch an increasing number of hedge funds or hedge funds of funds," said Lois Peltz, managing editor of Managed Account Reports, a hedge fund newsletter.

Hedge funds are now being run by well-known mutual fund companies like Franklin Templeton, Gabel, Strong Capital Management and Wellington Management, which runs several of the Vanguard Group's mutual funds.

Hedge funds, investment vehicles for wealthy individuals and institutions,

have the flexibility to sell securities short, betting that they will decline, or to borrow money, to magnify returns; they can also use a variety of other tactics not widely available to most mutual funds. Many hedge funds are based offshore and are not available to American investors.

Should mutual fund investors worry if their fund companies introduce hedge funds? There are some sticky issues.

A. Michael Lipper, president of Lipper Analytical Services in Summit, New Jersey, said mutual fund directors and investors should keep a close eye on a mutual fund's performance if the manager is also running a hedge fund. The issue is whether the manager will do as good a job with the mutual fund when he can make more money from the hedge fund, if the mutual fund's performance declines, he added, "the directors should refocus the manager back on the mutual fund."

There are other issues, too. Independent hedge funds can sell their holdings in a stock all at once, but if a hedge fund is part of a mutual fund company, it generally must sell *part passu* — at an equal pace — with the company's mutual funds that hold the same stock, constraining flexibility.

And what if a company's hedge and

INVESTING

mutual funds invest in the same stocks and those stocks drop? Mutual fund investors, who can withdraw money at any time, are likely to yank their cash first. So, as the mutual fund jettisons a stock to meet redemptions, the value of the stock may drop further, damaging the hedge fund's holdings.

Hedge fund investors, meanwhile, are generally locked in for at least six months. According to one investor in

the Robertson Stephens Orphans Hedge fund, which holds illiquid stocks, its value has fallen over the past 18 months as investors in the Robertson Stephens Contrarian mutual fund, which holds similar stocks, have been bailing out.

A spokeswoman for the funds was unavailable for comment.

Despite these complexities, and the headline-grabbing troubles of Long-Term Capital Management LP and other hedge funds, mutual fund companies are likely to keep introducing hedge funds as they seek to increase fee income and economies of scale, and try to hold onto sought-after managers.

Rolling out hedge funds less fund companies employ their core strengths without much extra overhead. Fund managers on staff are often all too happy to run a hedge fund on the side, as the pay, often based on the total fees, can be lucrative. "The reason they're doing this is to keep their best managers in house," Ms. Peltz said.

Typically, hedge funds get 1 percent of assets as well as 20 percent of gains above its previous high. By contrast, the median fee on general equity mutual funds is 1.3 percent of assets, according to Lipper.

Just last August, State Street Research rolled out a hedge fund, Small Cap Energy, whose managers, Dan Rice and Tom Moore, also run the State Street Research Global Resources mutual fund. So far, the hedge fund has under \$11.5 million in assets, compared with \$164 million in the mutual fund.

The prime difference, according to Robin Tice, a State Street spokeswoman, is the mutual fund's broader portfolio, which also includes natural resources companies.

If hedge funds are picking many of the same stocks held by mutual funds, why pay the higher fees? One hedge fund expert said that if an investor believes in a manager, that investor may be willing to take the hedge fund's additional risks of greater leverage, or portfolio concentration, to get higher returns. And hedge funds can invest in often inactive private partnerships.

■ LTCM Said to Plan Bond Sale

Long-Term Capital Management LP, the hedge fund taken over by 14 lenders in September, may sell about 2.5 billion Deutsche marks (\$1.5 billion) of German government bonds as part of a reduction of its investment portfolio, people familiar with the sale said, Bloomberg News reported from London.

The sale, involving bonds with maturities of about five years, will take place Monday, the sources said. It may compete with a government auction Wednesday of as much as 10 billion DM of five-year notes.

Municipal Bond Demand Grows as Treasuries Fall

Compiled by Our Staff From Dispatches

NEW YORK — The fortunes of municipal bonds continue to rise as investors pursue safety from the turmoil in equity and currency markets and as concerns about interest-rate policy weigh on U.S. Treasury bonds, analysts say.

Despite a recent flurry of selling in the Treasury market, which has driven yields up sharply from the all-time lows they recorded several weeks ago, the yields on munis remain attractive by comparison. The benchmark 30-year Treasury bond finished Friday at 98 1/32 points, down 7/32

— plus the tax advantage.

The attraction of municipal securities as an enticing opportunity for individuals in the current low-inflation, low-interest-rate environment has not been lost on financial companies. They have been trotting out an unusual slew of research reports on munis recently.

Salomon Smith Barney, Merrill Lynch and Bank of New York are among those that have been making a case for munis, which for some time — amid the soaring stock market of the last few years — had begun to look like a mundane choice for individual investors.

"In our opinion, municipals remain extremely attractive," George Friedlander, a bond research strategist at Salomon Smith Barney, said in a late-October report titled "Five Compelling Reasons To Buy Municipal Bonds Now."

Municipal bonds are in greater supply than Treasury securities. Local governments are issuing new municipal bonds at a record level, and the high volume is forcing them to offer high yields to entice investors.

Through the first half of 1998, U.S. municipalities issued \$164.7 billion in bonds — a 43.4 percent increase over the \$114.9 billion in the same period last year. Munis account for 11 percent of the \$12.7 trillion U.S. bond market.

About \$6 billion in sales is set for this week; the bond market will be closed on Wednesday in observance of Veterans' Day. (AP, Bloomberg)

■ Mixed Views on Treasuries

Traders and analysts are mixed on the outlook for the Treasury market for the coming week. Market News reported from New York.

While some said the rise in yields last week would entice buying, the consensus was that yields had a bit further to rise.

"It's too early to call a bottom," said John Spinello, Treasuries strategist at Merrill Lynch. "There are too many uncertainties."

Treasuries last week were crushed under the weight of a huge amount of government and corporate issuance, continued selling by hedge funds, a further asset reallocation out of Treasuries to stocks and diminishing expectations of another cut in interest rates by the Federal Reserve Board.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Nov. 6. Prices supplied by Telekurs.

Risk Name Cpn Maturity Price Crt Yld

Austrian Schilling

190 Austria 5 01/15/98 104.5000 4.7800
235 Austria 7 02/14/99 104.1000 6.2200

British Pound

107 Annihilation 4 zero 12/2/92 23.0000 6.2900
137 Koverman 189 09/30/14 122.2500 8.9000
140 Laidlaw 74 09/27/97 114.6400 6.2200
157 British 7 06/7/97 106.2500 8.2900
176 R. Fleming Cap 8 12/21/99 100.8750 6.5000
181 British 8 12/21/99 100.8750 6.5000
211 Alliance Latic fm 7.235 10/29/91 99.5000 7.2400
219 Koverman 184 09/25/96 100.5000 10.5700
222 Fin Real Estate 11.166 09/26/99 107.2400 7.0700
232 World Bank 6 03/01/00 99.5750 6.0100
237 British FRN 7 04/30/99 100.8000 7.1800

Canadian Dollar

197 Ontario Hydro zero 10/15/21 26.4500 5.9600

Danish Krone

33 Denmark 8 05/15/93 115.1910 6.9400
35 Denmark 11 11/5/97 115.7545 5.9900
41 Denmark 8 10/15/96 121.8700 6.1900
47 Denmark 9 11/15/90 100.4000 8.2300
48 Denmark 6 11/15/90 100.4000 8.2300
52 Denmark 7 11/15/90 100.4000 8.2300
67 Denmark 6 11/15/90 100.4000 8.2300
81 Denmark 4 02/15/91 99.7700 4.0100
91 Denmark 11 11/15/90 100.4000 8.2300
92 Denmark 6 11/15/90 100.4000 8.2300
94 Denmark 6 12/15/90 96.5250 6.8900
104 Unibank 6 10/01/99 96.3000 6.2200
113 Realcredit 7 10/01/99 96.3000 6.2200
119 Nykredit 6 10/01/99 96.3000 6.2200
140 Realcredit 6 10/01/99 96.3000 6.2200
152 Nykredit 6 10/01/99 96.3000 6.2200
164 Realcredit 6 10/01/99 96.3000 6.2200
192 Denmark 20 08/15/90 100.4000 8.2300
207 Denmark 6 02/15/99 100.3500 5.9000
245 Denmark 5 08/15/95 100.3500 4.9000

Deutsche Mark

1 Germany 6 07/04/97 112.5570 5.3300
2 Germany 5 01/04/98 107.3882 4.8900
3 Germany 4 07/04/98 107.3882 4.8900
4 Germany 4 05/19/93 99.4831 4.5400
5 Germany 4 07/04/98 99.4831 4.5400
6 Germany 5 07/04/98 99.4831 4.5400
7 Germany 5 07/04/98 99.4831 4.5400
8 Germany 4 05/17/92 102.0079 4.4000
9 Germany 8 01/21/92 112.9975 7.8800
10 Germany 8 01/21/92 112.9975 7.8800
11 Germany 24 09/15/90 99.8457 3.2600
12 Germany 6 07/04/97 112.5570 5.3300
13 Germany 24 01/02/95 118.29 6.2400
14 Germany 8 12/20/90 112.9975 7.8800
15 Germany 7 12/20/90 112.9975 7.8800
16 Germany 7 12/20/90 112.9975 7.8800
17 Germany 7 12/20/90 112.9975 7.8800
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The Week Ahead: World Economic Calendar, Nov. 9-13

A schedule of the week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

Manila: Eurocom Publications conference on the Philippine economy. Tuesday and Wednesday.
Singapore: Asia-Pacific Financial Services Conference, sponsored by Merrill Lynch & Co. Tuesday and Wednesday.

Monday Nov. 9

Jakarta: Foreign-exchange data. New Delhi: Weekly inflation data. Sydney: Reserve Bank of Australia to issue biannual statement on interest rate policy. Tokyo: Domestic wholesale prices data for October.

Tuesday Nov. 10

Singapore: Gross domestic product data for the third quarter. Tokyo: Machinery orders and data on public works starts for September. Wellington: Value of exports and trade balance for September.

Wednesday Nov. 11

Singapore: Government may issue report on business costs in city-state. Sydney: Westpac Bank to issue consumer confidence survey for October. Tokyo: Bank-lending data for October.

Thursday Nov. 12

Melbourne: Melbourne Institute to issue survey of consumer inflation expectations. Sydney: Employment data for October. Wellington: Food prices data for October.

Friday Nov. 13

Bangkok: Foreign-reserves data. Hong Kong: External trade data for September, classified by country and commodity. Singapore: Money supply, loan growth and foreign-reserves data for September.

Europe

Prague: Senate to hold elections. Starts on Friday.
Vienna: Vienna Institute for International Economic Studies to hold conference on the challenges of eastward enlargement for the European Union. Wednesday through Friday.

Americas

Coronado, California: Health Insurance Association of America's annual meeting. Monday through Wednesday.
Sao Paulo: 25th International Small-Business Congress. Starts Wednesday.

Mexico City: Data on foreign reserves.

Rio de Janeiro: State-owned Sao Paulo Fepasa rail network to be sold. Washington: Durable goods orders data for October; wholesale inventories data for September.

Bogota: Central bank's board to meet.

Washington: Mortgage Bankers Association of America to issue weekly report on mortgage applications.

Bogota: Stock Exchange forum on Colombia's capital market development.

Washington: The Labor Department to issue weekly report on unemployment.

Bogota: Central bank's board to meet.

Washington: Retail sales data for October; Federal Reserve System to issue weekly report on commercial and industrial bank loans.

New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Maturity	Coupon %	Price	Price and week	Terms
Floating Rate Notes						
First Chicago Master Trust	\$1,000	2003	0.28	100.00	—	Over 1-month Libor. Noncallable. Fees 0.225% (Morgan Stanley Dean Witter).
First Security Bank	\$200	2003	3/4	99.77	—	Over 3-month Libor. Noncallable. Fees 0.20% (Deutsche Bank).
National Bank of Canada	\$200	2003	0.10	99.65	—	Over 3-month Libor. Noncallable. Floating with outstanding issues, raising total amount to \$200 million. Fees 0.15% (PaineWebber).
National Bank of Hungary	OM250	2003	3/4	98.67	—	Over 3-month Libor. Floating of 98.62. Noncallable. Floating with outstanding issues, raising total amount to 1.25 billion marks. Fees 0.25% (DGB Bank).
Auburn Securities	\$284	2035	1/4	100.00	—	Indexed will be 1/4 over 1-month Libor until 2005, thereafter 1/4 over Average Rate 5.2 years. Also 680 million paying 0.10 over Libor. Fees 0.25% (Greenwich Nuyt).
Irish Permanent Treasury	\$100	2001	0.10	99.92	—	Over 3-month Libor. Noncallable. Fees 0.125% (Dermot O'Sullivan, Barclays Capital Group).
Generalfin Valencia	ECU300	2001	0.02	100.018	—	Below 2-month Libor. Noncallable. Fees 0.125% (Barclays Capital Group).
Fixed-Coupons						
Aero Vodochody	\$200	2005	7 1/4	99.405	100.25	Noncallable. Fees 0.50% (CIBC).
Alko Nobel	\$500	2003	6	99.288	—	Semiannually. Noncallable. Registered notes. Fees 0.60% (ABN-AMRO House Goevt).
Argentina	\$300	2006	11	98.28	—	Semiannually. Noncallable. Floating with outstanding issue, raising total amount to \$1.3 billion. Fees 0.25% (CIBC Securities).
Deutsche Bank	\$100	2002	4 1/4	98.473	98.25	Reaffirmed at 97.073. Noncallable. Fees 1/4% (Deutsche Bank).
General Electric Capital Corp.	\$100	2003	5	99.635	99.25	Noncallable. Floating with outstanding issues, raising total amount to \$400 million. Fees 0.25% (Warburg Dillon Read).
General Electric Capital Corp.	\$400	2005	5 1/4	101.286	98.50	Reaffirmed at 97.711. Noncallable. Fees 1/4% (Paribas).
General Motors Acceptance Corp.	\$1,250	2003	5 1/4	99.614	99.25	Semiannually. Noncallable. Fees 0.25% (Merrill Lynch Intl).
RSL Communications	\$100	2008	12	99.504	—	Semiannually. Callable at 106 in 2003. Fees not disclosed. (Goldman Sachs Intl).
Tennessee Valley Authority	\$2,000	2008	5 1/4	99.58	98.20	Semiannually. Noncallable. Fees 0.225% (J.P. Morgan Securities).
World Bank	\$250	2003	4 1/4	100.933	98.35	Reaffirmed at 99.308. Noncallable. Floating with outstanding issue, raising total amount to \$1 billion. Fees 1/4% (ABN-AMRO House Goevt).
Alko Nobel Group	OM1,000	2008	5 1/4	101.61	100.35	Reaffirmed at 99.56. Noncallable. Fees 2/4% (ABN-AMRO House Goevt).
Berlebach Finance	DM300	2005	4 1/4	102.088	—	Reaffirmed at 99.68. Noncallable. Fees 2/4% (Commerzbank).
Finland	OM1,000	2003	3 1/4	99.392	99.35	Noncallable. Fees 0.25% (ABN-AMRO House Goevt).
Household Finance	OM1,000	2005	5 1/4	101.69	99.25	Reaffirmed at 99.315. Noncallable. Fees 2/4% (ABN-AMRO House Goevt).
AAMP U.K. Finance Services	£160	2010	6 1/4	99.204	—	Noncallable. Fees 0.60%. Distributions \$100,000 (Warburg Dillon Read).
KFW Int'l Finance	£150	2003	6	101.034	—	Noncallable. Floating with outstanding issues, raising total amount to \$450 million. Fees 0.25% (Warburg Dillon Read).
Tesco	£75	2007	7 1/4	110.05	—	Noncallable. Floating with outstanding issues, raising total amount to \$250 million. Fees 0.25% (HSBC Markets).
European Investment Bank	ECU1,000	2005	3 1/4	99.401	99.05	Noncallable. Fees 0.125%. Denominations 10,000 Euros (Paribas).
General Electric Capital Corp.	ECU100	2005	4	99.45	—	Noncallable. Floating with outstanding issues, raising total amount to 400 million Euros. Fees 1/4% (Warburg Dillon Read).
Fort Credit Corp.	CS150	2001	5	100.925	99.20	Reaffirmed at 99.805. Noncallable. Fees 1/4% (TD Securities).
Ontario	CS250	2003	5	100.085	97.80	Reaffirmed at 98.44. Noncallable. Fees 1/4% (RBCDS).
Equity-Linked						
UBS Jersey	DM30	2000	104	100.00	—	Noncallable. Convertible into shares of Daimler-Benz of 173,262 marks per share, a 20% premium. Floating with outstanding issues, raising total amount to 200 million marks. Fees not disclosed. (Warburg Dillon Read).
Pfizer	FF1,150	2003	3	100.00	—	Noncallable. Convertible into shares of BSA of 83.75 francs per share, a 21.05% premium, and 9,223 francs per share. Fees 2/4% (CS First Boston).

Last Week's Markets

Stock Indexes	Nov. 6	Oct. 30	% Chg
United States	8,975.46	8,920.10	+0.6
EU Index	3,073.25	3,014.45	+1.9
Japan	2,088.88	2,091.95	+0.1
FTSE 100	1,141.10	1,098.49	+3.8
ASX 200	1,359.25	1,330.70	+2.1
NYSE 100	1,454.11	1,471.33	-1.2
London 25	14,121.37	13,564.51	+4.1
Brussels	5,491.00	5,408.40	+1.7
Canada	4,473.90	4,268.60	+4.7
France	3,588.43	3,522.93	+1.9
Germany	4,834.22	4,671.12	+3.5
Hong Kong	10,130.75	10,154.94	-0.2
World	1,071.41	1,026.38	+4.4
MSCI	293.20	292.30	+0.3

Euromarkets

Weekly Sales	Nov. 6	Oct. 30	% Chg
U.S. 3-month	5.42	5.21	+4.0
U.S. 6-month	5.42	5.21	+4.0
U.S. 9-month	5.42	5.21	+4.0
U.S. 12-month	5.42	5.21	+4.0
3-month Euro	5.42	5.21	+4.0
6-month Euro	5.42	5.21	+4.0
9-month Euro	5.42	5.21	+4.0
12-month Euro	5.42	5.21	+4.0
3-month Yen	5.42	5.21	+4.0</

VIETNAM: Hanoi Takes Promising Steps

Continued from Page 1

"Vietnam is a country that had years of war and is now undergoing economic transition," said Nguyen Tan Dung, deputy prime minister and governor of the State Bank. "This transition takes time because it is not easy to change the customs and habits that have existed for so long. A scholar once told me that to break a bad habit is even more difficult than to win a war," he said.

Mr. Dung, speaking in one of his first interviews since taking over as head of the central bank a year ago, complained that Vietnam was often portrayed inaccurately overseas and that the government would try to remedy this with greater openness.

When pressed on issues frequently raised by domestic businessmen and foreign investors — including official corruption, opaque regulations and the failure of local authorities to follow central government directives — Mr. Dung pledged to look into such problems.

"I don't say we do not have shortcomings and weaknesses, but we will leave no stone unturned," he said.

Economists and foreign investors, however, said the sudden economic boom had dulled the drive for change.

"It is honestly impossible for most Vietnamese to realize that things aren't good here," said Anthony Salzman, chairman of the American Chamber of Commerce in Hanoi. "That's because compared to the recent past, they're positively great."

Just two decades ago more than a million Vietnamese families — the so-called boat people — saw their best hope in setting sail aboard fragile craft to shores they knew to be unfriendly.

"Now these people are getting televisions, motorcycles, telephones and other things, so you can understand why government officials are reluctant

to jeopardize what they've gained," he said. "Many simply can't conceive of what opening the economy would bring."

Still, Vietnam remains far more economically isolated than some of its neighbors. At first glance, that has appeared to carry some benefits as much of Asia has plunged into crisis.

There was no stock market to plunge and there were no short-term foreign loans to recall. And the dong, which is not a convertible currency, was gradually devalued at a pace determined by the central bank.

Vietnam is one of the few Southeast Asian economies that is expected to continue growing this year — 4 percent, according to private economists.

These benefits, however, have been offset by a collapse of foreign investment, manufactured exports and tourism, all of which rely heavily on crisis-hit Asian partners.

After exports increased by nearly a third for several years running, zero growth is expected this year. The amount of foreign direct investment dispersed — \$1.2 billion through September — is less than half that of last year.

This slowdown has been most keenly felt by the urban educated elite who formerly worked on dollar salaries for foreign companies, but the crowds of migrant workers who gather each morning at Hanoi's Giang Vo street to hawk their labor for a day are also growing.

This country's young and rapidly growing population means that just to stand still 1.2 million new jobs need to be created each year, one prominent Vietnamese economist said. "This cannot be done by internal resources alone, and the foreign investors are leaving."

Economic crisis forced cash-strapped Asian companies to scale back investments in Vietnam, but even those with money to spend find that the dong de-



Consumers inspecting athletic shoes with Western brands in a quarter of Hanoi where cobblers are realizing the benefits of becoming retailers.

valuations have not reduced business costs. Salaries, air fares, telephone bills and utilities are all paid in fixed dollar amounts that have not changed.

"With a 40 percent discount, Thai exporters are now so super-competitive

that Vietnam no longer makes sense as an export base," said Gene Davis, managing director of Bangkok-based Finansa Ltd., which recently ceased construction of a \$4 million assembly plant for three-wheeled vehicles in Vietnam.

SHORT COVER

Pacific Rim Ministers Call for Global Reforms

KUALA LUMPUR — Deputy finance ministers and central bankers from Pacific Rim nations called Sunday for a "rapid implementation" of the reform of the international monetary system to avert another financial crisis.

The officials, ending a two-day meeting in the Malaysian capital, also warned that Russia remained a key risk to the region, where markets were stabilizing, and that other risks would come from slower global economic growth as well as financial and corporate restructuring in Asian nations.

The statement also called for specific measures to strengthen private financing and official capital flows with appropriate macroeconomic and structural policies to woo foreign investments. (AFP, Bloomberg)

Exchequer Chief Sticks To Outlook on Growth

LONDON (Reuters) — The chancellor of the Exchequer, Gordon Brown, on Sunday defended his forecast that Britain would suffer only a shallow downturn in growth despite turmoil in the world economy.

Mr. Brown's political opponents and many independent economists accused him of being too optimistic Tuesday when he scaled back

his projection of growth next year by just 0.75 percentage point to 1.0 percent to 1.5 percent and predicted a swift bounce to 2.25 percent to 2.75 percent growth in 2000 to 2001.

But Mr. Brown said in a BBC interview that his forecasts were realistic. "Our forecast is for the moderation of growth, not the absence of growth," he said.

Saudi Arabia and Iran Seek to Bolster Oil Prices

TEHRAN (Bloomberg) — The oil minister of Saudi Arabia, Ali Naimi, held talks Sunday in Tehran with his Iranian counterpart to discuss compliance with the oil output cuts that are intended to help lift prices.

Mr. Naimi met with Bijan Namdar Zangeneh of Iran a day after the foreign ministers of the two Gulf neighbors met in Riyadh to discuss "means of propelling up oil prices," said Foreign Minister Kamal Kharrazi of Iran, the official Iranian press agency, IRNA, reported.

China to Reduce Markets

BEIJING (AFP) — China is to radically reform its futures markets Jan. 1 by reducing the number to 3 from 14 to stamp out excessive competition and "overspeculation," the China Daily Business Weekly said Sunday.

The 11 commodities futures exchanges that are closed will either be merged with the current markets in Shanghai, Dalian and Zhengzhou or closed, it said.

FUTURES: 2 Asian Tigers Battle for Markets

Continued from Page 1

"This isn't the right direction for Hong Kong if it wants to retain its preeminent position in Asia outside of Japan," said Marcus Everard, managing director at Credit Suisse First Boston.

The Hong Kong stock exchange is so adamantly opposed to the creation of the new Singapore contract that it has forbidden Reuters PLC from supplying Hong Kong market prices to Morgan Stanley Capital International, the investment house that developed the contract.

The exchange also said it would cut off price feeds to any of the 30 data providers here if they sought to replace Reuters as a supplier for the Singapore contract.

Despite Singapore's reputation as one of the world's tightest regulators, the Hong Kong exchange is claiming that it is opposed to the new contract because "we don't know what kind of regulation is in place in Singapore," the exchange's spokesman, Henry Law, said.

"We are talking about whether there is a level playing field," Mr. Law said. "If there are same kinds of regulation, the same kind of market requirements."

He added that the Hong Kong stock exchange may want someday to begin trading in index warrants, which might compete with the proposed futures contract in Singapore.

Rafel Hui, Hong Kong's acting financial secretary, has defended the stock exchange's threat against Reuters.

"It's only right that the Hong Kong stock exchange is protecting its own interests," he said on local radio Friday.

A meeting among the parties in Hong Kong on Friday ended in a stalemate, according to sources.

The further turning away from competition by Hong Kong comes in the same week that the conservative Cato Institute in the United States named Hong Kong as the world's freest economy in

1997. That was before the government moved to support land prices by withdrawing all public land from the market this year, and before it became the largest shareholder of Hong Kong stocks over a single day in August.

The fight between the financial centers comes as Singapore has announced a major financial liberalization, in which it will merge its stock and futures exchanges, and allow greater access by foreign brokers.

While Singapore is still much more of a closed market than Hong Kong, the gap is narrowing. Last week, Deputy Prime Minister Lee Hsien Loong of Singapore said the government's goal was to make Singapore "the equity center in the Asian time zone."

The threat to cut off price feeds that the Hong Kong stock exchange made to Reuters, which declined to comment about it, appears to have happened only once in recent history: South Korea this year threatened to shut off its price feed when it learned of plans by Hong Kong to establish a Korea-based futures contract.

Guy d'Albrand, managing director and head of futures and options at SG Securities in Tokyo, noted that when Singapore began trading futures based on Japan's Nikkei index futures, Japanese authorities "despised what was happening."

But instead of going after the information vendor, the Japanese "are trying to make

the market more competitive in terms of taxes," and have set up special screens to allow traders to duplicate the trading strategies on Singapore's open-outcry style exchange, he said.

Meanwhile, competitive trading of derivatives has become the norm: Singapore trades futures based on indexes in Japan, Taiwan and Thailand; the London International Financial Futures and Options Exchange trades European futures based on stocks from several European countries; and this year, the Chicago Board of Trade began trading Dow Jones industrial average futures and options, which compete directly with the Standard & Poor's futures, which long traded at its archival, the Chicago Mercantile Exchange.

It was excessive trading in Japanese stock index futures listed in Singapore in 1995 that sank Britain's Barings Bank. But it is also worth adding that there were no ill effects for the Japanese market.

Ironically, the Hong Kong Futures Exchange has a futures contract based on Taiwan stocks. In another twist, the futures exchange that would be most threatened by the new Singapore contract appeared to welcome the competition.

"The Hong Kong Futures Exchange has a competitive challenge for liquidity," said Robert Gilmore, the exchange's chief executive. "We intend to meet it on the trading floor."

LucasVarity to Stay Put

Shareholders Bar Move From Britain to U.S.

By Alan Cowell
New York Times Service

LONDON — After a trans-Atlantic tug-of-war over whether LucasVarity PLC, the British-based auto components and aerospace company, should move its headquarters to Buffalo, New York, small shareholders delivered a remarkable rebuff to both management and big U.S. investors, voting by a hair's breadth for the company to remain in Britain.

With most of the British automotive industry — from state-owned Rolls-Royce to minuscule Minis — owned by American, Japanese or German concerns, the battle had assumed jingoistic overtones, particularly among those who fear that Britain has forfeited its manufacturing base to become a nation of service providers.

"Lucas paid good money for Varity and we would have expected it to remain a British company," Gordon Hoar, a former Lucas Aerospace employee and a British shareholder, said before the balloting. Indeed, with a pedigree dating from its founding in 1897, Lucas's tussle with relocation had been viewed as one of the great milestones in its 101-year history.

The vote on Friday night was so close that the announcement of the results was postponed until noon Saturday. In a statement, LucasVarity said the proposals of its British-born but U.S.-based chief executive, Victor Rice, for the move to Buffalo had been rejected in some cases by fractions of a percentage point.

There was no immediate comment from the company on Mr. Rice's position after the defeat.

LucasVarity employs 56,000 people and recorded sales of \$7.8 billion last year. It is one of the world's biggest producers of automotive brakes and counts General Motors Corp. and Ford Motor Co. among its main customers.

The ballot marked a major turning point in a corporate drama that began in 1996 when Lucas Industries PLC of Britain paid \$2 billion to take over Varity Corp., based in Buffalo. Last September, Mr. Rice stunned British shareholders by proposing that the corporation move its headquarters to Buffalo and abandon its listing on the Financial Times blue-chip index for a listing in New York.

The idea inspired much British indignation. "We were told it would continue as a British company which would remain in Britain," declared Sir Anthony Gill, a former Lucas chief executive, who he arrived for the meeting Friday.

Schroders, a British investment house that controls 11 percent of LucasVarity stock, counseled against the move to Buffalo, saying a switch to a New York listing would not be "in the best interests" of investors.

Management contended that a move to the United States would anchor LucasVarity "among its automotive peer group" and lower the cost of borrowing by a third.

The vote took place after London markets had closed, so there was no way of knowing how traders would judge the outcome. In advance of the vote on Friday, shares fell as much as 6 percent in a day of fitful trading before closing down 2 pence, or 0.95 percent, at 208 pence (\$3.46).

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Figures as of close
of trading Friday, November 06

Figures as of close									
of trading Friday, November 06									
Symbol	Price	Change	Volume	Open	High	Low	Close	Settle	Notes
AA	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABB	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABC	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABD	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABE	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABF	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABG	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABH	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABI	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABJ	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABK	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABL	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABM	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABN	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABO	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABP	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABQ	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABR	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABS	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABT	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABU	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABV	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABW	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABX	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABY	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ABZ	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACA	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACB	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACC	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACD	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACE	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACF	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACG	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACH	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACI	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACJ	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACK	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACL	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACM	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACN	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	
ACO	10.00	0.00	100	10.00	10.00	10.00	10.00	10.00	

This table shows the performance of leading-list mutual funds through Friday and includes the top 4,000 funds in terms of assets. There are roughly 8,150 funds currently listed on Morningstar.

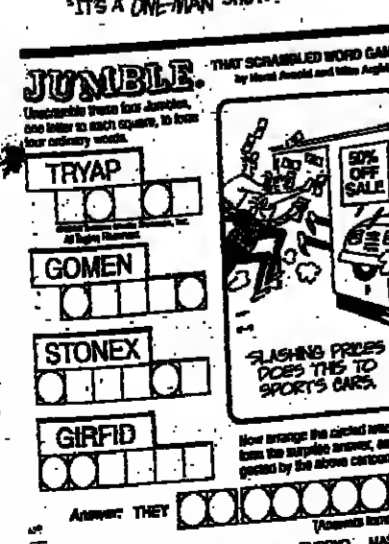
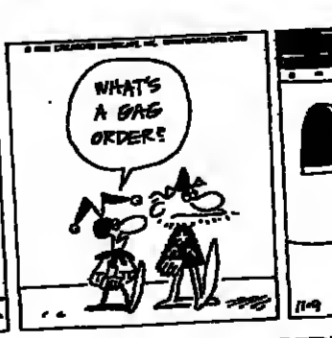
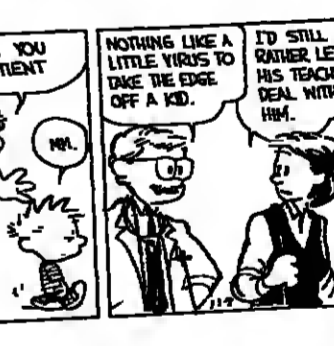
Group names are shown in bold face, with individuals listed in each group indented below. Funds that are not part of a group are not indented.

Netre field footnotes: c = available only through a contractual plan; s = no front-end load or contingent deferred sales load; p = front loads are used to pay distribution costs; r = redemption fee or contingent deferred sales load may apply; t = footnote p and r may apply.

Price field footnotes: n = no capital gains distribution; l = previous class is liquidated; s = stock dividend or split; R = not cash dividend.

France
FOCUS
ITALIA

DENNIS THE MENACE



TESOL France
1998 Colloquium
FOCUS
ON EVALUATION
13-14 November, 1998
Lycée Honoré de Balzac
118 boulevard Bessières PARIS 15
TEL: 01 45 81 75 91

SPORTS

Awesome Again, in Dashing Form

Late Burst Decides Victory in Breeders' Cup as Skip Away Fades

By Joseph Durso
New York Times Service

LOUISVILLE, Kentucky — On a day when Skip Away ran out of the money and lost his chance to become the world's richest race horse, Awesome Again won the world's richest race when he rushed through the pack near the finish line to take the \$3.2 million Breeders' Cup Classic by three-quarters of a length over Silver Charm.

Awsome Again not only won the laurels and the loot on Saturday but also won his sixth consecutive race. Still, he needed a furious dash through the homestretch to knife his way through the 10-horse field and hit the finish line in front. In doing so, he redeemed his trainer, Patrick Byrne, who dominated last year's Breeders' Cup with two juvenile winners, and gave Pat Day his biggest ride of the day.

Skip Away, who presumably will retire with career earnings of \$9.6 million, \$400,000 short of Cigar's record total, stalked the leaders through most of the mile and a quarter. But he could not keep up, and he faded to sixth place just when he might have scored his greatest triumph.

Swain, the 6-year-old Irish horse, finished third as the deepest field in recent racing memory provided an exciting conclusion to a day of championship performances. It was a classic finish: Awesome Again, then Silver Charm by a nose over Victory Gallop.

The Classic was the main event of a festive, sunny and chilly afternoon filled with tight finishes and memorable moments, and it was run before a record Breeders' Cup crowd of 80,452 at Churchill Downs.

It was a day that featured the dramatic return of Da Hoss after a two-year absence from racing forced by a series of injuries, and the 6-year-old horse won the Breeders' Cup Mile. And it was a day that saw the trainer Bob Baffert saddle horses who ran first and second in the Juvenile Fillies while D. Wayne Lukas got shut out with five horses in the Juvenile, and the strong European contingent shut out with 16 horses.

The day got off to a rousing start when Answer Lively won the \$1 million Juvenile by a head over the 76-1 long shot Aly's Alley, and cast a lengthening shadow toward next year's Kentucky Derby.

He won it under a skillful ride by Jerry Bailey, who was riding the colt for the first time but was riding a Breeders' Cup winner for the seventh time.

In other races, Silverbulletday won the Juvenile Fillies with Excellent Meeting finishing second and Three Ring finishing third. Reraise won the Sprint, with Grand Slam finishing second and Kona Gold taking third, and Da Hoss won the Mile, with Hawksley Hill second and Labeesh third.

The program may not have included a race with the traditions and history of the 124-year-old Kentucky Derby, and the crowd was only half the size of the multitudes that flock to Churchill Downs in May for the Derby. But the Breeders' Cup featured 85 of the finest

horses from three continents, and the Juvenile kicked off a day of unquestioned riches but unknown fates.

The unknown fate involved the winning colt and his chances of going on to stand next year as a 3-year-old. Since the Breeders' Cup was established 15 years ago, no colt who won the Juvenile returned the next year to win the Kentucky Derby. In fact, no colt has won the 2-year-old championship and come back to win the Derby since Spectacular Bid in 1979.

Answer Lively, a son of Lively One, is owned by John Franks, an oil man from Louisiana, and he was not exactly a secret with the bettors.

He had won three of his six starts before he went to the post as the favorite, and he responded with a well-raced effort under Bailey's guidance that not only won but also outran the small herd of five colts entered by D. Wayne Lukas.

At the finish, he had a head on the long shot Aly's Alley, who was closing fast, and Aly's Alley had three-quarters of a length on Cat Thief, the only Lukas entry to run in the Juvenile.

Franks was asked if he was happy that he had not changed his mind about selling Answer Lively to any of the many people offering substantial money for the horse, and he replied dryly: "I didn't change my mind, they did."

Answer Lively won two races in Louisiana this fall before running second to Cat Thief in the Breeder's Futurity at nearby Keeneland just three weeks ago. And he ran a strategic race Saturday, stalking the lead before making his move in the homestretch.



Awesome Again, right, finishing the Breeders' Cup ahead of second-placed Silver Charm, center, and Swain.

Graf Surges Back to Win 105th Title

The Associated Press

LEIPZIG — Steffi Graf extended her perfect record against Nathalie Tauziat by beating the second-seeded Frenchwoman, 6-3, 6-4, to win the Leipzig Open for the fifth time, capping a comeback from wrist surgery.

In her first tournament after a two-month layoff, Graf collected the 105th title of her career Sunday and raised her record against Tauziat to 20-0, without ever dropping a set.



Steffi Graf winning the Leipzig Open on Sunday, her first tournament after a two-month layoff.

Her career curtailed by injuries in the last couple of years, Graf was unseeded in a tournament for the first time in 13 years. She had surgery to remove bone spurs from her right wrist two months ago.

The 29-year-old German struggled in her early matches but kept on winning to reach the final of the \$450,000 indoor event.

"I never expected this win so I am very happy to have achieved it," Graf said. "After all the injuries it's not so easy to come back."

Graf now has a chance of qualifying for the season-ending Chase Championships in New York later this month. She will play in Philadelphia next week.

"I kept improving from match to match and I am surprised myself by my performance," Graf said. "In the last four days I kept changing my ticket to Philadelphia."

Tauziat, 31, was the Wimbledon finalist this year, when she broke into the Top 10 for the first time. She is ranked No. 9 in the world. Graf, who held the No. 1 spot for a record 377 weeks, went into the tournament ranked No. 22. She will now move to No. 17.

In a battle of two veterans on the tour, Tauziat had to save five break points in the first game.

Graf broke serve for a 3-2 lead thanks to a Tauziat double fault. After trading breaks in the next two games, Graf saved a break point in the eighth game. Another double fault by Tauziat gave Graf a set point and she took the first set, when Tauziat hit a backhand into the net.

Gaining confidence with every game,

Graf began unleashing her fearsome forehand more and more to keep Tauziat under pressure. Serving to stay in the match, Tauziat fell behind 15-40.

Graf fired another forehand winner to clinch the match after one hour and 23 minutes.

Graf picked up \$79,000 for her victory, pushing her career earnings to a record \$20,445,842. Earlier in the week, she broke Martina Navratilova's 13-year-old record for earnings in women's sports.

In the Leipzig tournament, which she helped establish, Graf now has a 25-0 record.

During her injury layoff, Graf spoke of possible retirement. But she has said this week that she intends to continue playing if she remains healthy.

Graf reached the final by struggling past Belgium's Dominique Van Roost, 6-1, 3-6, 6-0, on Saturday. Graf seized on 12 double faults by the world's 13th-ranked player.

Van Roost double-faulted away the last point in a match that was tougher for Graf than the outcome indicated. Van Roost often dictated play against a tentative if steady Graf, catching the German flatfooted by blinding winners into the open court.

Van Roost hit three double faults to hand Graf a 2-0 first set lead, then added two more as she gave the German a key 2-0 break in the final set.

Graf's victory Friday against France's Anne-Gaëlle Sidot vaulted her past Martina Navratilova's 13-year-old earnings record of \$20,344,061.

"Such records do show what you've achieved but they are not all that important to me," said Graf.

Hoosiers Win NCAA Basketball Opener

By Chris Broussard
New York Times Service

INDIANAPOLIS — Within minutes, the first game of this National Collegiate Athletic Association men's basketball season became a camp clinic. The Indiana Hoosiers played the role of teacher and, with all the tenderness of a military commander, forced the Seton Hall Pirates into the role of the aggravated pupil.

Before 15,509 mostly red-and-white clad fans at the RCA Dome on Saturday, the Hoosiers, ranked 22d by The Associated Press, tutored their guests on the finer aspects of hard-nosed, fundamental basketball to open the National Association of Basketball Coaches Classic with an 83-69 victory.

Don't be fooled by the final margin: a testament to the Pirates' heart, it says nothing about the competitiveness of the game. Indiana, which led by 22-13 six minutes before halftime and 69-45 six minutes before game end, controlled the action from baseline to baseline for all but a few moments. To its credit, Seton Hall closed the gap against the Hoosiers' bench, which Coach Bobby Knight cleared with 6

minutes 26 seconds remaining. "That team is very good," said the Pirates' swingman Reggie Saunders, who led all scorers with a career-high 29 points. "They play great together. They came out with more intensity than us. The only good thing for us was that we didn't quit."

With Knight walking the sideline and barking out orders, the Hoosiers mastered the Pirates on both ends of the floor. Defensively, they hounded Seton Hall's players from the midcourt line to the basket, moving their feet to get in position to block the Pirates' view of their teammates, using their hands to deny entry passes and hustling relentlessly to contest shots and retrieve loose balls.

Offensively, they taught lessons about setting screens, making backdoor cuts, boxing out underneath the basket, following shots and finding the open man.

Consequently, the outcome was decided well before halftime. After a fifty driving lay-up by Shaheen Holloway, out Indiana's lead to 7-4 at the 16:57 mark. Seton Hall melted under the Hoosiers' stifling defensive pressure. While Indiana forced turnovers and converted

them into easy baskets, the Pirates went more than seven minutes without scoring a basket. During that stretch, they got off just one shot into the paint, a heavily contested jump hook that the freshman center Damien Dawkins missed. By the time Rimes Kaukenas ended the drought with a 3-pointer, Indiana was ahead by 26-11.

Indiana forced 12 turnovers, shot 61 percent from the floor and held Seton Hall to 30 percent shooting in the first half to take a 41-24 lead.

"They really knocked us back in the first half," said Tommy Amaker, Seton Hall's coach. "Their defense was suffocating. It was aggressive. It was all of the things you think of when you think of Indiana basketball and Coach Knight."

At Harrington, the first-round draft pick of the Indiana Pacers who entered the National Basketball Association draft directly out of New Jersey St. Patrick's High School, watched the game from a outside seat near Seton Hall's bench. His thoughts? "Man, in the first half, it looked like Indiana had six players on the court," said Harrington, who would have attended Seton Hall. "They were everywhere."

SCOREBOARD

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

NORTH DIVISION

CENTRAL DIVISION

WEST DIVISION

PACIFIC DIVISION

NORTH DIVISION

CENTRAL DIVISION

WEST DIVISION

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CRICKET

RUGBY LEAGUE

RUGBY UNION

TENNIS

TRANSITIONS

SOLUTION TO PUZZLE OF NOV. 6

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SPORTS

Unranked Spartans Stun No. 1 Buckeyes

Last-Minute Interception Seals the Victory

By Drew Sharp
Washington Post Service

COLUMBUS, Ohio — Unranked, untested and usually unreliable Michigan State wasn't supposed to have a chance against No. 1-ranked Ohio State before a sellout crowd of 93,595 at Ohio Stadium.

But there are many unexplained phenomena that leave observers — and sometimes even the participants — questioning the reality of what their eyes just witnessed.

This was one: Michigan State 28, Ohio State 24.

"I had to keep looking at the final score on the scoreboard for a couple minutes because I just couldn't believe it," said a Spartans' wide receiver, Gary

down and threw for one and Jeff Hall kicked three field goals for host Terrance.

No. 3 UCLA 41, Oregon State 24. Cade McNown hit a wide-open Brad Mealy for a 61-yard touchdown with 21 seconds to cap a wild fourth quarter and give visiting UCLA its 18th straight victory.

No. 4 Kansas State 40, Baylor 0. Michael Bishop threw two touchdown passes and ran for a score, and David Allen tied an NCAA record with his fourth punt-return touchdown as visiting Kansas State (9-0, 6-0 Big 12) won its 17th consecutive game.

No. 5 Florida 45, Vanderbilt 13. Doug Johnson threw for 460 yards and four touchdowns for the visiting Gators (8-1, 6-1 SEC), who scored 28 points in the first 16 minutes and had their best offensive day this season, rolling up 571 yards to Vandy's 232.

No. 6 Florida State 45, No. 12 Virginia 14. Dexter Jackson made two of Florida State's four interceptions that set up touchdowns as the host Seminoles extended the nation's longest home unbeaten streak to 39 games.

No. 7 Texas A&M 29, Oklahoma 17. The host Aggies held Oklahoma to a season-low 124 yards and Brendan Stewart passed for two touchdowns and ran for one.

No. 8 Wisconsin 26, Minnesota 7. Ron Dayne ran for 153 yards and Matt Davison tied a school record with four field goals as host Wisconsin improved to 9-0 for the first time since 1901.

No. 22 Michigan 27, No. 9 Penn State 9. Tom Brady threw two touchdowns and host Michigan forced five turnovers to hand Penn State its first shutout loss in 11 years.

No. 10 Arkansas 41, Washington State 7. Truong Candidate scored on first-quarter runs of 75 and 45 yards on the way to gaining 139 in the period and 174 for the game for the host Wildcats (9-1, 5-1 Pac-10).

No. 11 Arkansas 34, Wisconsin 0. Clint Stoenner combined with Anthony Lucas on scoring passes of 50 and 36 yards as host Arkansas (8-0, 5-0 SEC) posted its first shutout since 1991.

No. 13 Notre Dame 31, Boston College 28. A Notre Dame safety, Deke Cooper, stopped Mike Cloud on fourth-and-goal from the 1 with six seconds left as the Fighting Irish (7-1) held off Boston College (3-6).

No. 14 Nebraska 42, Iowa State 7. Dan Alexander ran for 110 yards and three touchdowns in his first start and Joe Walker returned an interception 65 yards for a score for visiting Nebraska (8-2, 4-2 Big 12).

No. 15 Tulane 41, Memphis 31. Shaun King threw for four touchdowns and ran for one, as visiting Tulane remained undefeated.

West Virginia 35, No. 15 Syracuse 28. Marc Bulger and David Saunders connected on a 43-yard touchdown pass with 3:04 left to lift host West Virginia over Syracuse.

No. 16 Missouri 38, Colorado 14. Devin West broke school records for rushing yards and touchdowns in a season as host Missouri (7-2, 5-1 Big 12) pounded Colorado (6-3, 3-3). West, who ran for 146 yards and three TDs, broke Joe Moore's record of 1,312 rushing yards and Bob Stabler's mark of 16 TDs in a season.

College Football

Scott, one of many major contributors in a comeback from a 24-9 third-quarter deficit to one of the biggest upsets in the 102-year history of Michigan State football.

Although the Buckeyes rubbed their disbelief eyes as hard as they could, they couldn't erase the vision of shockingly delighted Michigan State players, some falling to their knees in tears, as the final seconds rolled off the clock.

"It's very quiet in that locker room," said the Ohio State quarterback, Joe Germaine, who missed on four passes — the last of which was intercepted at the goal line by Renaldo Hill — after leading the Buckeyes from their 49 to a first down at Michigan State's 15 in the final moments. "We can still accomplish a good season, but it could have been so much more."

Once again, the Buckeyes' national championship dreams were dashed by competitors from north of the border. But this time, the party crashers were green and white rather than the maize and blue of the Michigan Wolverines.

And now, not only are the Buckeyes (8-1, 5-1 Big Ten) going to lose their No. 1 ranking in the media and coaches' polls, as well as the Bowl Championship Series standings, they are third in the Big Ten behind Michigan and Wisconsin, both of which are undefeated heading into their matchup next weekend in Ann Arbor.

The Spartans are still just 5-4 (3-2), but that didn't matter. For at least one day, there wasn't a bigger football team anywhere in the United States.

The Spartans were last in the Big Ten in total defense prior to their victory over Northwestern last week. But Saturday they held the conference's top-ranked offense to 353 yards — 159 yards below its average.

The Spartans also forced five turnovers and stopped Ohio State running back Joe Montgomery on fourth and one from Michigan State's 26 with 3½ minutes to play.

Making this even more mind-boggling was that the Spartans did it without their best defensive player, preseason All-American defensive end Robaire Smith. He became the fifth Spartans starter to suffer a season-ending injury when he broke his right fibula on the Buckeyes' first series.

No. 2 Tennessee 37, Alabama-Birmingham 13. Tee Martin ran for one touch-



Dee Miller of Ohio State grabbing a pass over Todd Zayt of Michigan State.

Penn Is King of the Tower

Victory Over Princeton Gives Quakers First Place

Compiled by Our Staff From Dispatches

PRINCETON, N.J. — The University of Pennsylvania buried Princeton under an avalanche of 21 unanswered points five minutes into the game and watched as the Tigers spent the rest of the afternoon struggling to dig their way out.

The Tigers couldn't do it, so Penn (6-2), which entered the game tied with Princeton and Harvard for first place in the Ivy League, walked away with a 27-

14 victory Saturday before a crowd of 20,230 at Princeton Stadium.

Penn also walked away with sole possession of first place because Brown defeated Harvard in Boston. Princeton (4-4) fell into a four-way tie with Brown, Harvard and Yale.

The Penn running back Jim Finn cracked 1,000 yards for the season on his second carry of the day — a 12-yard run — and proceeded to trample Princeton's defense the remainder of the afternoon. He had 101 yards rushing by halftime and finished with 164 yards on 39 carries.

The Tigers' problems began when they fumbled the opening kickoff. Penn recovered the football at the Princeton 32 and, five plays later, the Quakers' quarterback, Matt Rader, hit receiver Brandon Carson, who had lined up wide left on a 13-yard touchdown pass. That blown coverage was Princeton's first mix-up of the day.

Brown 27, Harvard 6. In Boston, the Brown Division 1-AA in total offense, picked apart Harvard defenses with short passes — including a pair of scoring strikes to Sean Morey — as Brown kept alive its Ivy League title hopes.

Perry completed 30 of 40 passes for 281 yards and Morey grabbed 11 tosses for 116 yards as Brown (5-3, 3-2 Ivy League) knocked Harvard (4-4, 3-2) out of a share of the Ivy lead.

Yale 26, Cornell 21. In New Haven, Connecticut, Joe Walland threw for 209 yards and two touchdowns as Yale triumphed over Cornell.

Rashad Bartholomew ran for 176 yards and scored once for the Bulldogs (4-4 overall, 3-2 Ivy), who were coming off a loss at Pennsylvania last week. Walland completed 20 of 27 passes.

Cornell (4-4, 1-4) had a chance to tie when it regained possession with 2:09 remaining. On fourth-and-9 at the Yale 49, Cornell's quarterback, Mike Hood, connected with Edgar Romney for what appeared to be a first down. But Yale's Than Merrill and Nate Boxmeyer sandwiched Romney and forced a fumble that Yale recovered.

Columbia 24, Dartmouth 14. Paris Childress passed for two touchdowns as Columbia held on to defeat host Dartmouth, ending a 26-game winless streak against the Big Green (2-6, 1-4). Columbia (3-5, 2-3) dominated the first half, rolling up 258 yards and a 21-0 lead. The Lions gained only 84 yards in the second half.

(NYT, AP)

Falcons' Offense Powers Past the Patriots, 41-10

The Associated Press
FOXBORO, Massachusetts — The Atlanta Falcons wasted little time proving they're for real and the New England Patriots aren't.

Atlanta led 14-0 after six minutes and improved on their best start ever with a 41-10 victory Sunday behind Jamal Anderson's two touchdowns and a defense that sacked Drew Bledsoe five times and allowed only 18 yards rushing.

The Falcons (7-2) began the day dead for the NFC West lead with San Francisco and erased any doubts that they

late in the third quarter. New England entered the game with the NFL's second-leading defense against the run, but was no match for the bruising Anderson, who rushed for more than 100 yards for the sixth time in his last seven games.

The Patriots continued to struggle with key offensive players sidelined, including three wide receivers. Vincent Brisby missed his fourth straight game, and Terry Glenn and Troy Brown sat out their third in a row. The Patriots also missed the blocking of fullback Tony Carter, recovering from knee surgery.

Cowboys 16, Giants 6. In Irving, Texas, the Dallas Cowboys delivered what could be a fatal blow to the New York Giants, the defending NFC East Division champion.

On a day Emmitt Smith became the Cowboys' career leading rusher with a 163-yard day, Troy Aikman shook off a finger injury to make two critical throws in a 16-6 victory Sunday that pull them ahead of the Giants by three games.

Dallas (6-3) swept the Giants in a season series for the first time since 1995 and is 5-0 in division games. The Giants, who lost 31-7 to Dallas in the third game of the season, dropped to 3-6.

Dallas didn't put the game away until Aikman hit Eric Bjornson from 2 yards out for a touchdown with 8:44 to play. Ernie Mills' acrobatic catch on a 27-yard pass put Dallas in position for the score on the 84-yard drive. Aikman also completed a 21-yard pass to Billy Davis on the drive.

Dolphins 27, Colts 14. The Miami Dolphins finally mustered an offensive performance to match their dominating defense.

Rookie John Avery rushed for 100 yards and O.J. McDuffie caught two touchdowns passes to spark an offense that has sputtered for most of the season, and Miami beat the visiting Indianapolis Colts 27-14 Sunday.

Miami, averaging 269 yards per game, outgained Indianapolis 279-57 in the first half for a 20-0 lead. The score was 27-0 before the Colts scored all of their points in the final eight minutes.

Miami, which began the day in a four-way tie for first place in the AFC East, improved to 6-3. The Colts fell to 1-8, with their fourth consecutive loss, and they're 0-6 within the division.

In other games Sunday: The Minnesota Vikings beat the New Orleans Saints, 31-24; the Jacksonville Jaguars downed the Cincinnati Bengals, 24-11; the Baltimore Ravens defeated the Oakland Raiders, 13-10; the Philadelphia Eagles edged past the Detroit Lions, 10-9, and the St. Louis Rams beat the Chicago Bears, 20-12.

NFL Roundup

can dominate on the road against a winning team. Until Sunday, they were just 2-2 away from home and had beaten only two teams with winning records.

But Anderson scored on a 1-yard run on the Falcons' third play and Chris Chandler threw a 7-yard touchdown pass to O.J. Santiago on their eighth after a fumble recovery by John Burroughs. Anderson finished with 104 yards rushing.

The Patriots (5-4) dropped out of a four-way tie for the AFC East lead as they continued their slump since improving to 4-1 by dominating Kansas City, then the NFL's top defense. Their only win in four games since then was a 21-16 squeaker over the lowly Indianapolis Colts.

But the Falcons offense is far more potent.

They improved on their average of 26.5 points per game, fifth in the NFL, as Chandler threw two scoring passes to Santiago and Morten Andersen kicked field goals from 40 and 25 yards.

Chandler threw a touchdown pass for his 20th consecutive game and finished with 15 completions in 22 attempts for 240 yards.

Adam Vinatieri's 40-yard field goal after Ty Law's sixth interception of the season cut the lead to 14-3.

Anderson's 10-yard run on the Falcons' next drive made it 21-3 before the Patriots tried a risky play that could have put them back in the game. Instead, it took them out of it.

On a fourth-and-2 at the Atlanta 13-yard line, they decided to go for the first down. But Bledsoe fumbled while being sacked for the fourth time, and Chuck Smith scooped up the ball and ran 71 yards for a touchdown with 6:28 left for a 28-3 halftime lead.

It was one of three fumble recoveries by the Falcons, who increased their NFL-leading total to 16.

The Patriots' only touchdown came on a 2-yard pass from Bledsoe to Ben Coates

and into the net at 19:22 of the third period with Rangers goalie Dan Cloutier on the bench for an extra attacker. Crosby also had an assist to give him 147 points in 60 career games against the Maple Leafs.

Canadiens 4, Islanders 2. Mark Recchi scored two of Montreal's four goals and added two assists while rookie Jose Theodore made 14 saves in the third period as the host Canadiens beat the New York Islanders.

Capitals 5, Senators 5. Peter Bondra scored three goals as injury-riddled Washington beat the Senators in Ottawa with their biggest goal spurge of the season.

Joe Juneau added two goals and an assist for Washington, including the winning goal on a third-period power play.

Stars 4, Kings 3. Brett Hull and Darian Hatcher scored the tying and go-ahead goals on power plays as visiting Dallas beat Los Angeles for its first road victory of the season.

Tony Hrkac scored for the Stars just eight seconds after the opening face-off, setting a franchise record, and Grant Marshall got his first goal of the season to cap a four-goal second period against rookie Manny Legace.

Canucks 5, Predators 4. Mark Messier and Markus Naslund scored third-period goals less than three minutes apart, leading host Vancouver over the road-weary Nashville Predators.

Messier's goal was his seventh of the season and 604th of his career as he regained sole possession of seventh place on the NHL's all-time scoring list, a goal ahead of Florida's Dino Ciccarelli. Messier is now seven goals from passing Bobby Hull.

Blues 2, Sharks 2. San Jose couldn't manage to lift the San Jose first two periods, then came together for a tie with visiting St. Louis as Marco Sturm scored with 5:53 left in regulation.

Rangers 6, Maple Leafs 6. In Toronto, Wayne Gretzky scored with less than a minute remaining in regulation to lift the New York Rangers to a tie with the Maple Leafs.

Gretzky bounced the puck off Maple Leafs goaltender Curtis Joseph

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Is Size Everything? Ask the NBA (and Katarina Witt)

New York Times Service
NEW YORK — Listen to the

daunting questions in the silence of the hoops, questions we never have time to ponder because the beat of a bouncing basketball is usually so insistent this time of year. Is Doug Flutie too short, is Bill Bradley too tall, is Katarina Witt too naked, is Mike Tyson too crazy, and should the pro football conglomerate be renamed the National Pelacy League?

Delaying its opening from last week to possibly next year, the National Basketball Association has given us time to think beyond Allan Iverson's crossover dribble and Michael Jordan's crossover image. The sport has also provoked a general distrust among its most sophisticated fans. Tony Kornheiser of The Washington Post described the im-

Vantage Point/ROBERT LIPSTE

pass as "a fight between tall millionaires and short millionaires." Sam Smith of The Chicago Tribune likens it to "watching two limousines collide."

They are absolutely right, yet so are both sides in this size struggle. And that's what it is, a size struggle, which is even bigger than the class struggle. If you are a short millionaire who slunk into your family's business after being cut from your church or synagogue basketball team, you feel a genetic need to stand up to those ingrateful giants who never had to know to Dad or meet a payroll.

What do they know about the work ethic? They've been on scholarship since junior high.

If you are a tall millionaire who grew

up pushed to dribble and dunk instead of learning to read books, it's time to strike back at four-eyed bitty-bullies who made aside remarks in class.

The lack of human-interest basketball news — what's new on Latrell Sprewell's victimization, Jordan's full-scale investigation of Nike atrocities, Dennis Rodman's body parts — has been a boon. Bradley, the former U.S. Senator who is deciding whether to fulfill the promise of his rookie year with the New York Knicks by running for president, will not suffer guilt by association. His new book, "Values of the Game," implies that the virtues he learned on the hardwood in short pants have made him the open man for the

next election.

It would not be good to read about all the other tall men who went through the same hoops but came out more fit for the out house than the White House. The opset gubernatorial victory in Minnesota of Jesse (the Body) Ventura, a former pro wrestler, helps set the stage for bigger pots.

The current Playboy magazine spread on Witt also raises an issue of size: If the public responds in a positive fashion to the layout, it could change the size of future ice skaters and perhaps even gymnasts. If larger, more developed and, most important, older women become sports stars, the exploitation of elves and gnomes might end.

Size is key. Flutie, the former Heisman Trophy winner who found his niche in the Canadian Football League before signing with the Buffalo Bills this season, was not exiled from the National Football League because he was too short to see over his line. He was exiled because he was the same size as, or smaller than, many owners and coaches. He was a reminder of their failure to start on their college, even their peewee teams. They had always blamed their "lack of size" when it was their lack of will, talent, need.

Everything is size; it's the only way to explain the reluctance to hire Flutie while murderers, rapists, kidnappers and wife-beaters make the roster if they are big enough. In their new book, "Pros and Cons: The Criminals Who Play in the NFL," Jeff Benedict and Don Yaeger claim that one of five currently active NFL players have been charged with a serious crime (traffic offenses, disturbing the peace, shoplifting not included.) They came to this conclusion by researching the criminal histories of 509 players whose records were accessible. Of that sample, 109 had been arrested a combined 264 times.

Benedict believes a league that suspends players for gambling or using steroids should also ban players who commit felonies. While the new book is provocative and important, Benedict's shiny idealism is not exactly salable; sports on TV is sold by crunch and stomp, and crooks and nuns may hit the hardest. It's size. People whose muscles — or wallets — are big enough can make crime pay.

The Lockout: Lots of Moves but No Hoops

By Mike Wise
New York Times Service

NEW YORK — NBA Commissioner David Stern has authorized team officials to explain the owners' proposal to players, lifting a moratorium that began July 1.

Depending on whose side you are on in the National Basketball Association's labor dispute, it was either a gesture on the league commissioner's part to educate the masses or a scheme to divide the players union.

Billy Hunter, the union's executive director, countered by saying he would mail the union's proposals to the league's general managers. "We'll have them attach to it if the NBA's proposal, and they can judge for themselves which one is better."

Election day has come and gone, but in the NBA the campaigning goes on and on. They are playing games in November, all right. With the regular season wiped out until at least until Dec. 8, the boardroom has become the focal point in a battle to sway the league's middle class.

After a week of no progress on economic issues and with no clear date when talks will resume, Stern has become fond of calling recent negotiations "Groundhog Day," referring to a movie in which the main character wakes up to Feb. 2 day after day. It is one point he and Hunter agree on.

"It's not that we're going backward, we're just running in place," Hunter said. The stalemate has left both sides time to expound on their idea of what a good deal represents.

For the league, which is proposing to limit the salaries of upper-echelon players, it means grabbing a bigger portion of revenues while claiming to raise the income of the league's journeymen.

For the vast majority of players, and I mean like 80 or 90 percent, there is absolutely nothing in that deal that is not really good for that group of players," Russ Granik, the NBA's deputy commissioner, said last week. "Whether they would vote for it or not out of concern for the high-end salary players, I don't know. But for the vast majority of players, it would be hard for me to conceive of any reason why they would

not endorse the deal at least as it would affect them over the next six years."

For the union, which does not want to drastically alter a system that resulted in the players taking in more than 57 percent of basketball-related income last season, it means finding a way to appease the owners while not sacrificing too much.

Proving that the NBA is indeed a league of haves and have-nots, Michael Jordan made \$33 million last season, while the median salary hovered around \$1.3 million. Nearly 30 percent of the players last season were paid the league minimum salary of \$272,500.

The deal they are currently proposing barely helps the middle class," Hunter said. "Plain and simple, the concessions they want us to make would hurt everybody."

Even the agent David Falk — whose clients include Jordan and Patrick Ewing, the union president — has begun campaigning. Singled out by Stern for sabotaging a potential deal last week, Falk has been charged with having only his clients' interests at heart.

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WORLD ROUNDUP

UEFA Hands Down Ban to Fiorentina

SOCCER The Italian league leader, Fiorentina, was kicked out of this season's European club competition Sunday in punishment for the explosion that injured a match official and caused the suspension of a UEFA Cup game last week.

Fiorentina immediately announced it would appeal.

If that fails, Grasshoppers of Zurich will advance to the third round of the UEFA Cup against Bordeaux.

"Fiorentina was responsible for order and security both inside and around the stadium, before during and after the match and therefore liable for incidents of any kind," said UEFA's Control and Disciplinary Commission.

"Had there not been mitigating circumstances, Fiorentina AC would have been excluded from future UEFA club competitions as well," it said.

Fiorentina was leading, 2-1, after the first 45 minutes of play. Having won the first leg against the Swiss team, 2-0, it expected easily to advance to the third round of the UEFA Cup.

But the match was suspended after a Belgian off-field official was injured by the device hurled from the stands. (AP)

Catfish Hunter Is Ailing

BASEBALL The Hall-of-Fame pitcher Catfish Hunter has been hospitalized for tests after experiencing difficulties with motor skills.

There are fears Hunter may be suffering from amyotrophic lateral sclerosis, a progressive, ultimately fatal condition commonly known as Lou Gehrig's Disease. The New York Daily News reported, Gehrig died from the disease in 1941 at age 39. "I've got no strength in my arms and my hands," Hunter told the News. "I can't do the routine things like button a shirt anymore."

Hunter, 52, is in Johns Hopkins Medical Center in Baltimore. He won 224 major-league games, including 20 in a single season five times, during a 15-year career with the Oakland Athletics and the New York Yankees. (AP)

Track Coach Dead at 78

TRACK AND FIELD Stan Wright, 78, the track coach who took the blame for the disqualification of two American sprinters who showed up late for their races in the 1972 Munich Olympics, died Friday night at St. Luke's Episcopal Hospital in Houston.

"His kidneys just shut down," said his daughter, Toni Hartfield.

His death came only two days after the death of his cousin, Larry Ellis, coach of the 1984 U.S. Olympic men's track and field team. (NYT)

Rusedski Blasts Past Sampras

Briton Captures Paris Open With First Victory Over World No. 1

By Christopher Clarey

PARIS — He has traveled to hut not really seen Switzerland, Austria, Germany and now France. Pete Sampras' autumn tour of European arenas continues, and this week he will spend more time indoors in Stockholm.

"I'm losing my tan," said the Californian turned Floridian.

He is chasing computer points more than trophies, and after five weeks of sustained effort and intermittent phys-

Graf triumphs in Leipzig, Page 22.

ical treatment on his often-fragile body, he has helped his cause considerably in the rankings but not necessarily his aura of supremacy.

Sampras is arguably the finest tennis player of all time: a sleek, composed cocktail of baseline fluidity and serving acuity, but for all his motivation to cling to his number one ranking and all his natural aptitude for indoor tennis, he has managed to win only one of the five tournaments he has played on this side of the Atlantic since losing in the U.S. Open semifinals. He withdrew in mid-tournament in Lyon with a bad back; lost to Wayne Ferreira in three sets in Basel; and to Richard Krajicek in three sets in Stuttgart.

On Sunday, he lost again in three sets to Greg Rusedski in the final of the Paris Open, but this match was no cliffhanger. Unlike the others, it was best-of-five, and Rusedski served it out 6-4, 7-6 (7-4), 6-3 and then immediately and understandably began serving up superlatives.

"I definitely think it's the best match of my career," he said. "To beat Pete

Sampras, the number one player in the world, is an unbelievable feeling considering my record." Until Sunday, Rusedski was 0-6 against Sampras, but that lopsided scoreline does not reflect the fact that Rusedski has often given him trouble and precious little time to think.

Looking at a left-handed serve that is as powerful and difficult to read as Rusedski's does not take long, and on Monday, he delivered what may be the fastest second serve ever recorded: a 217-kilometer effort in the second set that was far quicker than any of Sampras' first serves.

Of course, the service gun is really nothing more than a marketing tool: an elicitor of gasps and gesticulations in the stands. One doesn't beat Sampras in

straight sets with just a serve on an indoor court as medium-paced as the one at the Palais Omnisports de Bercy. Rusedski's game has evolved considerably since he decided to leave Canada in 1995 and play for Great Britain, the country where his mother was born but not raised.

"He's definitely tough when he's on," Sampras said, "and he was definitely on today."

Rusedski's tennis remains ungainly at times: a bit premeditated, even prefabricated. His wickedly effective inside-out forehand is a slash, not a sweep.

His on-court movements are often abrupt, but his footwork has improved considerably along with his once-vulnerable backhand and returns. That progress has not been as evident lately because of an ankle injury suffered in June that forced him to retire from his first-round match at Wimbledon and bothered him the rest of the summer.

"He didn't put it totally behind him until Vienna last month," said his coach Sven Groeneweld, who took over after Rusedski and Tony Pickard split on slightly acrimonious terms after Wimbledon.

Groeneweld, a well-traveled 33-year-old Dutchman, has more experience coaching women than men, although he did help Michael Stich reach the 1996 French Open final. He has been disappointed by some of his pupils' self-centered attitudes in the past, but he and the relentlessly cheerful Rusedski have struck up a bargain and a friendship. "I've been going through a divorce, and Greg has been very supportive of me through it," he said. "It's something I will never forget."

The 11th-ranked Rusedski will never forget beating Sampras, but it might not



Greg Rusedski volleying on his way to victory in the Paris Open final.

have happened if Sampras had not played poorly when serving for the second set at 5-3. He double-faulted twice in that game and missed a routine backhand volley, and that was essentially all the reassurance Rusedski needed to win the final Super 9 event of the season. "I know he really wanted this match, as well," Rusedski said of Sampras. "And that makes it even more special."

Rusedski now has a fine chance of qualifying for the ATP Tour Championships in Hannover later this month (if Yevgeni Kafelnikov loses before the final this week in Moscow, he is in). Body willing, Sampras will be there, too, attempting to hold off Marcelo Rios and finish number one for the sixth consecutive year. His chances are good, although they would have been better if he had beaten Rusedski.

The fight for No. 1 ranking is a little false debate in that Rios has yet to win a Grand Slam event.

But the Chilean has won three Super 9 titles this year — Indian Wells, Kitzbich and Rome — while Sampras has won Wimbledon but only three other minor tour events. If Sampras does succeed, he will break his tie with co-tryman Jimmy Connors, a better showman but not a better player who finished number one from 1974 to 1978. "I'm sure he's probably not rooting for me knowing him," Sampras said. "The reason I'm doing this is I feel like it's one of the records that in tennis won't be touched."

At a moment when beating Sampras is beginning to look increasingly within reach for eager ATP members like Rusedski, that is a very timely approach.

Juventus Falls Into 2d Place Behind Fiorentina

The Associated Press

ROME — Juventus of Turin failed to protect a two-goal lead against Udinese on Sunday and lost its lead in the Italian League standings.

The two-time defending champion allowed Udinese's Argentine striker Roberto Sosa, a substitute, to score in

points, one ahead of Juventus (5-2-1). AS Roma sits third with 14 points after a 1-1 draw at Bologna, a match marred by pre-kickoff violent clashes involving police and rival hooligans that left at least a dozen people injured. Two people were stabbed, but the wounds were not serious, RAI state TV said.

The match at Udinese started positively enough for Juventus, but ended in disaster. Zinedine Zidane, France's World Cup hero, hit the target for the first time this season to give Juve the lead one minute before halftime. Filippo Inzaghi made it 2-0 in the 49th. But the midfielder Jonathan Bachini headed in Johan Walem's cross in the 65th and Sosa turned home Marco Anzures' assist in the dying seconds.

Adding injury to insult, the Juventus captain, Alessandro Del Piero, was taken off the field on a stretcher late in the game with a hyperextended left knee. The striker, who turns 24 Monday, was injured in a clash with the Udinese defender Valerio Bertotto. The club doctor, Riccardo Agricola, said it was not immediately clear who long Del Piero would be out of action.

ENGLAND Nicolas Anelka's fifth goal in five games gave Arsenal a 1-0 victory Sunday over Everton, moving the defending league and FA Cup champions into second place in the Premier League behind Aston Villa.

Anelka scored in the sixth minute as the Gunners held on in North London to push their point total to 23, two behind Villa.

In another key Sunday match, Manchester United played a 0-0 home draw with Newcastle as the Reds slipped to third place with 22 points. Also on Sunday, Chelsea played a 1-1 draw at West Ham as Neil Ruddock scored for West Ham in the fourth minute and Celestine Babayaro equalized in the 76th.

At Leeds, Jimmy Floyd Hasselbaink scored in the 40th — his first goal in nine matches — and Jonathan Woodgate got the clincher in the 61st as Leeds beat Yorkshire rival Sheffield Wednesday, 2-1. Andy Booth scored for Wednesday in the third. Leeds improved to 17 points and Wednesday stayed on 11.

In a late game, Rangers faced St. Johnstone with a chance to move four points ahead in the Premier Division.

GERMANY Bayer Leverkusen moved into second place behind Bayern Munich in the Bundesliga despite being held to a 0-0 draw at home Sunday by injury-weakened Stuttgart.

Leverkusen, which wasted a dozen good opportunities, pulled even on 20 points with 1860 Munich, but moved ahead of the second Munich team on goal difference.

Bayern Munich opened an eight-point lead by beating 1860 Munich, 3-1, on Saturday.

GREECE The league-leader, Panathinaikos Athens, was held to a scoreless draw against last-placed Ethnikos Piraeus on Sunday. Despite the loss of two points, Panathinaikos retained the lead in the Greek first division soccer league with 22 points from nine games.

AEK, which lost, 2-1, to PAOK in Salonica on Saturday, follows with 20 points in second place.

Olympiakos Piraeus has 16 points — but with two games in hand. The Piraeus club is scheduled to play Monday against Ionikos Nikaia.



Lazio's Marcelo Salas celebrating a goal against Empoli in Rome on Sunday. Lazio won the match, 4-1.

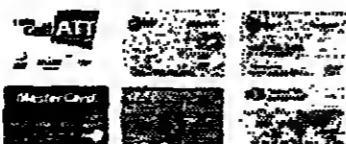


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